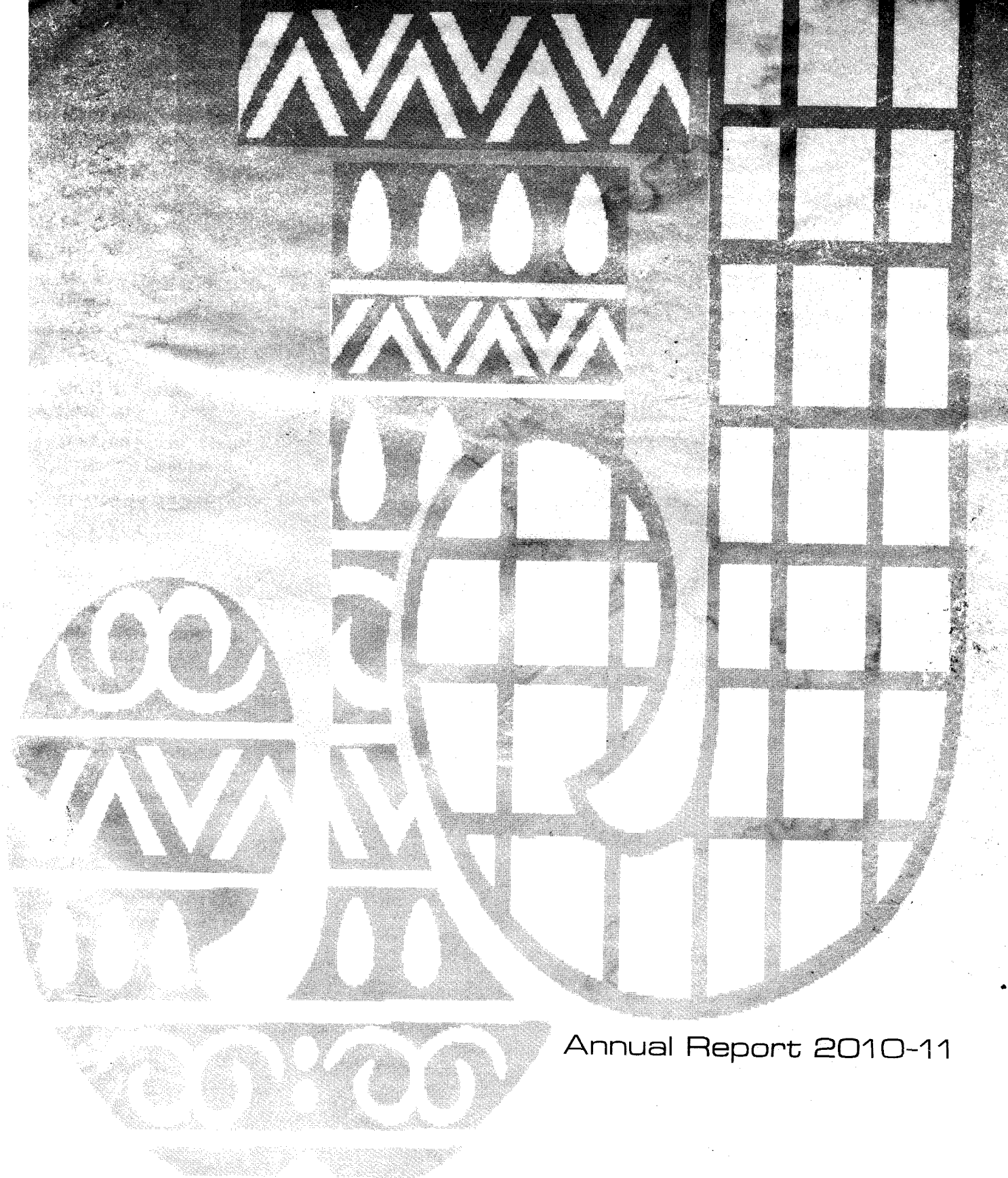


J J Exporters Limited



Annual Report 2010-11



BOARD OF DIRECTORS

Mr. S. N. Jhunjunwala

Executive Chairman

Mr. Rajiv Jhunjunwala

Vice-Chairman

Mrs. Laxmi Jhunjunwala

Director

Mr. P. K. Singhi

Director

Mr. M. L. Gulrajani

Director

Mr. P. J. Sheth

Director

Mr. P. K. Sarkar

Director

Mr. Arun Kumar Shraff

Wholetime Director

COMPANY SECRETARY

Mr. S. L. Agrawal

BANKERS

Indian Overseas Bank

The Federal Bank Ltd.

IDBI Bank Ltd.

AUDITORS

1. Statutory

Salarpuria Jajodia & Co.

Chartered Accountants

7, Chittaranjan Avenue

Kolkata - 700 072

2. Internal

Ernst & Young Pvt. Ltd.

3rd Floor, Block 'C'

22, Camac Street

Kolkata - 700 016

3. Cost

Mani & Co.

111, Southern Avenue

Kolkata - 700 029

REGISTERED OFFICE

23C, Ashutosh Chowdhury Avenue

Kolkata - 700 019, West Bengal

Phone : (033) 2461 4775

BHAGALPUR OFFICE / WORKS

Bounsi Road, Bhagalpur - 812 002, Bihar

Phone : (0641) 242 0829 & 242 3431

BANGALORE OFFICE / WORKS

A12 & A13, Apparel Park Area

1st Phase, Doddaballapur - 561 203, Karnataka

Phone : (080) 2807 8900

J. J. SPECTRUM SILK

Mouza-Gangarampur, Post : Bishnupur

Dist. 24 Parganas (S), West Bengal

Phone : (033) 2480 8686/87

RETAIL SHOWROOM

Onset

51/2, Hindustan Park,

Kolkata - 700 029

Phone : (033) 2419 6860/61

**ANNUAL REPORT AND STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH, 2011**

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NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the **Thirty Eighth Annual General Meeting** of the Members of **J. J. EXPORTERS LIMITED** will be held at Kala Kunj, 48 Shakespeare Sarani, Kolkata - 700 017 on Thursday, the 28th day of July, 2011 at 4.00 p.m. to transact the following business :

As Ordinary Business

1. To receive and adopt the Audited Balance Sheet of the Company as at 31st March, 2011, the Profit & Loss Account for the year ended as on that date and the reports of Auditors and Directors thereon.
2. To appoint a Director in place of Mr. P. K. Singhi who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mrs. Laxmi Jhunjunwala who retires by rotation and being eligible, offers herself for re-appointment.
4. To re-appoint M/s. Salarpuria Jajodia & Co., Chartered Accountants, retiring Auditors, as Auditors of the Company and fix their remuneration.

As Special Business

5. To consider and if thought fit, to pass with or without modification(s), the following resolutions as SPECIAL RESOLUTION
RESOLVED pursuant to the provisions of Section 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Article No.104 of the Articles of Association of the Company that consent of the Company be and is hereby accorded to the reappointment of Mr. S.N. Jhunjunwala as a Whole Time Director, designated as Executive Chairman of the Company for a period of five years with effect from 01.02.2011 at the following remuneration :

- 1) Salary : ₹ 1,60,000/- per month.
- 2) Perquisites :
 - a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act. 1961.
 - b) Gratuity – As calculated as per section 4(2) of Payment of Gratuity Act, without any ceiling.
 - c) Motor Car with driver for official and personal use.
 - d) Telephone with ISD & STD facility at residence.

“RESOLVED FURTHER that Mr. S. N. Jhunjunwala shall be paid above remuneration as minimum remuneration in case of loss or inadequacy of profit in any financial year.”

6. To consider and if thought fit, to pass with or without modification(s), the following resolutions as an ORDINARY RESOLUTION
“RESOLVED pursuant to the provisions of Section 198,269,309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Article No.104 of the Articles of Association of the Company that consent of the Company be and is hereby accorded to the reappointment of Mr. Rajiv Jhunjunwala as a Whole Time Director, designated as Vice Chairman of the Company for a period of five years with effect from 01.02.2011 at the following remuneration:

- 1) Salary : ₹ 1,50,000/- per month.
- 2) Perquisites :
 - a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act. 1961.
 - b) Gratuity – As calculated as per section 4(2) of Payment of Gratuity Act, without any ceiling.
 - c) Motor Car with driver for official and personal use.
 - d) Telephone with ISD & STD facility at residence.

“RESOLVED FURTHER that Mr. Rajiv Jhunjunwala shall be paid above remuneration as minimum remunerations in case of loss or inadequacy of profit in any financial year.”

"RESOLVED FURTHER THAT Mr. Rajiv Jhunjunwala shall also be paid commission, in addition to above remuneration, of such an amount so that the total remuneration including the above monthly remuneration does not exceed five percent of the net profits of the Company as computed in terms of Sec.350 of the Companies Act, 1956."

Registered Office :
23C, Ashutosh Chowdhury Avenue
Kolkata - 700 019
Dated : 14th June, 2011

By Order of the Board

S. L Agrawal
Company Secretary

Notes :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 18th July, 2011 to 20th July, 2011 (both days inclusive).
3. Members/Proxies should bring the attendance slip sent herewith duly filled in for attending the meeting.
4. As an austerity measure, copies of Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the meeting.
5. Members desirous of having any information on the business to be transacted at the Annual General Meeting are requested to address their queries to the Executive Chairman at the Registered Office of the Company at least seven days before the date of the meeting, so that requisite information is made available at the meeting.
6. The Members of the Company are informed that in terms of Section 205C introduced by the Companies (Amendment) Act, 1999, the amount of Dividend which remains unclaimed for a period of 7 years would be transferred to the Investor Protection Fund constituted by the Central Government and the Shareholders would not be able to claim any amount of the Dividend so transferred to the Fund. As such, shareholders who have not encashed their Dividend warrants are requested in their own interest to write to the Company immediately for claiming outstanding Dividends declared by the Company during the year 2004 to 2010.
7. Mr. P. K. Singhi and Mrs. Laxmi Jhunjunwala retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting. Mr. S. N. Jhunjunwala and Mr. Rajiv Jhunjunwala were re-appointed as Whole Time Directors, designated as Executive Chairman and Vice Chairman respectively during the year. The information pertaining to these Directors to be provided in terms of Clause 49 of the Listing Agreement is furnished in the Report on Corporate Governance published in this Annual Report.

ANNEXURE TO NOTICE

Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956

Item No. 5

The terms of Mr. S. N. Jhunjunwala, Executive Chairman of the Company as a Whole Time Director was to expire on 1st Feb, 2011. The Remuneration Committee in its meeting held on 28th January, 2011 recommended the re-appointment of Mr. S. N. Jhunjunwala as a Whole Time Director for a further period of five years w.e.f. 01.02.2011.

The Board of Director of the Company at their meeting held on 28th January, 2011, on the recommendation of the Remuneration Committee and also pursuant to the provisions of Section 198, 269, 309, Schedule XIII and other applicable provisions of the Companies Act, 1956, Article No.104 of the Articles of Association of the Company and subject to the approval of the shareholders in a general meeting, decided to re-appoint Mr. S.N. Jhunjunwala as a Whole Time Director designated as Executive Chairman as per the terms set out in the resolution.

The main terms and conditions of the appointment and remuneration of Mr. S. N. Jhunjunwala are available for inspection of the members at the Registered Office of the company during business hours on all working days up to the date of Annual General Meeting.

The appointment of Mr. S. N. Jhunjhunwala as Whole Time Director requires the approval of the members of the Company in the general meeting by a special resolution as he has completed 70 yrs. of age, pursuant to Section 269 of the Companies Act. The Directors, therefore, recommend the above resolution for the approval of the members.

Mr. S. N. Jhunjhunwala as the Appointee and Mr. Rajiv Jhunjhunwala and Mrs. Laxmi Jhunjhunwala being his relatives may be deemed to be concerned or interested in this resolution.

Item No. 6

The terms of Mr. Rajiv Jhunjhunwala, Vice Chairman of the Company as a Whole Time Director of the Company was to expire on 1st Feb, 2011. Considering the wide experience of Rajiv Jhunjhunwala in the field of Sales and Marketing, the Remuneration Committee in its meeting held on 28th January, 2011 recommended the re-appointment of Mr. Rajiv Jhunjhunwala as a Whole Time Director for a further period of five years w.e.f. 01.02.2011.

The Board of Director of the Company at their meeting held on 28th January, 2011 on the recommendation of the Remuneration Committee and also pursuant to the provisions of Section 198, 269, 309, Schedule XIII and other applicable provisions of the Companies Act, 1956, Article No.104 of the Articles of Association of the Company and subject to the approval of the shareholders in a general meeting, decided to re-appoint Mr. Rajiv Jhunjhunwala as a Whole Time Director, designated as Vice Chairman as per the terms set out in the resolution.

The main terms and conditions of the appointment and remuneration of Mr. Rajiv Jhunjhunwala are available for inspection of the members at the Registered Office of the company during business hours on all working days up to the date of Annual General Meeting.

The appointment of Mr. Rajiv Jhunjhunwala as Whole Time Director requires the approval of the members of the Company in the general meeting pursuant to Section 269 of the Companies Act. The Directors, therefore, recommend the above resolution for the approval of the members.

Mr. Rajiv Jhunjhunwala as the Appointee and Mr. S. N. Jhunjhunwala and Mrs. Laxmi Jhunjhunwala being his relatives may be deemed to be concerned or interested in this resolution.

Registered Office :
23C, Ashutosh Chowdhury Avenue
Kolkata - 700 019
Dated : 14th June, 2011

By Order of the Board

S. L Agrawal
Company Secretary

DIRECTORS' REPORT

Dear Shareholders

Your Directors have pleasure in presenting the Thirty-Eighth Annual Report, together with the Audited Accounts of the Company for the year ended 31st March, 2011.

FINANCIAL RESULTS

(₹ in Lacs)

	<u>2010-11</u>	<u>2009-10</u>
Profit before Tax, Depreciation and Extra Ordinary Items	63.77	342.47
Less : Depreciation	572.42	346.17
Profit/(Loss) before Tax and extra ordinary items	(508.65)	(3.70)
Less : Provision for Taxation	0.50	—
Prior Period Items	9.49	2.96
Profit/(Loss) before Extra Ordinary Items	(518.64)	(6.66)
Extra Ordinary Items	357.72	—
Profit/(Loss) after Tax	(876.36)	(6.66)
Add : Balance brought forward from Previous year	951.85	958.51
Surplus Balance in Profit & Loss Account	75.49	951.85

BUSINESS AND PERFORMANCE

The sales revenue was up at ₹ 6507.59 lacs during the year as compared to ₹ 5955.32 Lacs during the previous year, the profit before depreciation, tax and extra ordinary item was down at ₹ 63.77 lacs as compared to ₹ 342.47 lacs during the previous year. Steep increase in the prices of raw material and higher cost were the main reasons for lower profit during the year. The net loss after depreciation and tax was up at ₹ 518.64 lacs as compared to ₹ 6.66 lacs in the previous year.

CURRENT YEAR'S OUTLOOK

The performance of the Company in the current year would depend on the behaviour of the prices of raw material in China. The Company is undertaking certain cost reduction measures. The Company is also exploring the possibility of manufacturing and exporting various types of blended fabric. These should have some positive impact on the working of the Company in the current year. Your Directors hope to achieve better performance in the current year.

OVERSEAS SUBSIDIARIES AND JOINT VENTURE

The performances of Company's foreign subsidiaries were satisfactory during the year.

RETAIL SHOWROOM

The performance of Company's retail showroom 'ONSET' at Kolkata was satisfactory during the year. However, the performance of Delhi store was not upto the mark. Your Directors have, therefore, decided to close the Delhi store.

DIVIDEND

Owing to loss, your Directors do not recommend any dividend for the year.

FOREIGN EXCHANGE

Claims amounting to ₹ 14.03 crores made by certain banks during the previous years in respect of derivative transactions entered into by the Company during the financial year 2007-08 remain un-provided as the management has been advised that these transactions were illegal. The matter is subjudice.

Although there was no material change in the status of the claim receivable from Citibank and ICICI Bank amounting to ₹ 357.72 lacs, provision for entire receivable amount was created in the books during the year as a matter of prudence and has been shown under the 'Extra Ordinary Item'.

DIRECTORS

Mr. R K. Singhi and Mr. Laxmi Jhunjhunwala retire by rotation and being eligible offer themselves for re-appointment at the ensuing Annual General Meeting. Mr. S. N. Jhunjhunwala and Mr. Rajiv Jhunjhunwala were re-appointed as Whole Time Directors,

designated as Executive Chairman and Vice Chairman respectively of the Company during the year.

DIRECTORS RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956 your Directors hereby confirm that :

- i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii) having selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year as at 31st March, 2011 and of the Profit and Loss for the year ended on that date;
- iii) proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, if any, has been taken;
- iv) Annual Accounts has been prepared on a going concern basis.

CORPORATE GOVERNANCE

Your Company has consistently been complying with the Corporate Governance Code prescribed by SEBI and a detailed report on Corporate Governance together with a Certificate of Compliance from the statutory auditors, as required by Clause 49 of the Listing Agreement, forms a part of this Annual Report.

AUDITORS

M/s. Salarpuria Jajodia & Co., Chartered Accountants, Kolkata, bearing Registration No.302111E, retire at the conclusion of the ensuing Annual General Meeting and have expressed their willingness to be re-appointed. They have confirmed that their re-appointment, if made, would be covered within the ceiling specified under Section 224 (1B) of the Companies Act, 1956.

COST AUDITORS

Pursuant to the Directives of the Central Government under the provisions of Section 233B of the Companies Act, 1956, qualified Cost Auditors have been appointed to conduct cost audit relating to the products of the Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

- A) Conservation of energy and technology absorption :

The particulars in respect of conservation of energy and technology absorption are given in Annexure 'A' forming part of this report pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

- B) Foreign Exchange earnings and outgo :

The information is contained in Item No. 19 of Schedule No.'P' in notes on accounts.

INVESTMENTS

The details of investments are given in Schedule 'E' annexed to the annual accounts of the Company.

SUBSIDIARY COMPANIES

The Directors of Company's Subsidiary, Tanushree Silks Ltd. made an application with appropriate authorities u/s.560 of The Companies Act, 1956 to strike off the name of the Company. The application has since been approved and the Company has been struck off from the records of the Registrar of Companies. The amount of Company's investment amounting to ₹ 18,00,008/- (Rupees Eighteen lacs eight only) in the said Subsidiary was adjusted with the provision created in earlier year. The amount of outstanding loan due from the said subsidiary amounting to ₹ 14,49,184/- was written off during the year as the same had become irrecoverable.

The particulars, as required under Section 212 of the Companies Act, 1956, in respect of Company's subsidiaries viz Tanushree Silks Ltd., Spin International INC., OOO JJ Home and J. J. Creations S.A. are annexed herewith.

The Government of India vide Circular No. 2/2011 dt. 08.02.2011 has granted general exemption to companies from annexing the accounts of its subsidiary companies subject to fulfillment of certain conditions. Necessary financial details in respect of each subsidiary as stipulated in the said exemption letter are given in a separate statement attached elsewhere in the report.

Your Directors undertake that annual accounts of the subsidiary Companies and the related detailed information will be made available to the holding and subsidiary Company investors seeking such information at any point of time. The annual account of

the subsidiary Companies will also be kept for inspection by any investor at its head office and that of the subsidiary company concerned.

FIXED DEPOSITS

The Company has not accepted any Fixed Deposits during the year.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

- A) **Industry Structure & Developments** : The Company manufactures and exports silk fabrics, garments and made-ups. Silk Fabrics comprise the bulk of Company's product basket which are used for home-furnishings and apparel in developed countries like USA and countries in Europe like France, Germany, UK, Italy, Finland, Russia and also in Japan, Australia, etc. which is used mainly by high-end customers. The Company is currently exploring the possibility of exporting various kinds of blended fabrics.
- B) **Opportunities & Threats** : The Company's product is largely dependent on consumer spending. The Company has a loyal customer base and is able to pass through the recession on the basis of continued support from these customers duly supported by in-time supply of high quality products. The Company is taking all round measures to minimise cost through infusion of latest technology and cost reduction exercise.
- C) **Segmentwise Performance** : The Company has only single product namely Textiles.
- D) **Outlook** : The global economy is showing the signs of revival but at a very slow pace.
- E) **Risk & Concern** : Silk fabrics being a luxury item carry significant risk linked to consumer confidence and spending pattern. Any further increase in the price of raw material and the uncertainties in the world economy may have some negative impact. However, the Company is making all-round efforts to contain the negative impact through infusion of state of the art technology and cost reduction measures.
- The Company's foreign exchange exposure is mainly in US\$ in which it imports raw materials and exports most of the finished goods. The Company continuously reviews its exposure and takes steps to hedge it. The Company is taking adequate insurance coverage of its assets at various locations.
- F) **Internal Control System & Adequacy** : The Company has adequate internal control systems to ensure safeguarding of assets against unauthorised use and to provide that all transactions are authorised, recorded and reported correctly. The Company has a system of periodical Internal Audit.
- G) **Discussion on financial performance with respect to operational performance** : The details of the financial performance of the Company are available in the Balance Sheet, Profit & Loss Account and other financial statements appearing separately.
- H) **Human Resources** : The industrial relations were cordial throughout the year. The Directors place on record the excellent contribution made and the co-operation extended by the employees at all levels of the organisation.
- There was no employee employed during the financial year or a part of the financial year who was in receipt of remuneration for that year or any part of that year at a rate as prescribed under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended.
- I) **Cautionary Statement** : Certain Statements in the Management Discussion and Analysis describing the Company's view about the industry, expectations/ predictions, objectives etc. may be forward looking within the meaning of applicable laws and regulations. Actual results may differ from those implied therein. Important factors that could make a difference include raw material availability and prices demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, industrial relations and economic developments within India and countries within which the Company conducts its business and other incidental factors.

ACKNOWLEDGEMENTS

Your Directors place on record their deep appreciation of the continued assistance and co-operation extended to the Company by its customers, investors, bankers, Government agencies and its dedicated band of employees.

Registered Office :
23C, Ashutosh Chowdhury Avenue
Kolkata - 700 019
Dated : 14th June, 2011

By Order of the Board

S. N. Jhunjunwala
Executive Chairman

ANNEXURE 'A' TO THE DIRECTORS' REPORT

Additional information as required under section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988

CONSERVATION OF ENERGY

	For the Year Ended 31.03.2011	For the Year Ended 31.03.2010
A. Power and Fuel Consumption		
1. Electricity		
a) Unit Purchased (KWH)	3,996,117	3,862,994
Total Amount (₹)	22,517,386	18,899,463
Rate/Unit (₹)	5.63	4.89
b) Own Generation through Diesel Generator		
Units (KWH)	105,527	503,277
Unit per litre of Diesel Oil	4.10	3.47
Total Amount (₹)	1,890,611	5,204,376
Cost/Unit (₹)	17.92	10.34
2. Furnace Oil		
Quantity (KL)	520.35	432.07
Total Amount (₹)	14,501,149	9,951,427
Average Rate (₹)	27,868	23,032
3. Steam Coal		
Quantity (Kg)	48,388	62,920
Total Amount (₹)	176,205	183,986
Average Rate (₹)	3.64	2.92
B. Consumption per Mtr of production		
<i>Product : Natural Silk Fabrics</i>		
Electricity (KWH)	4.47	3.77
Furnace Oil (Ltr.)	0.58	0.42
Steam Coal (Kg.)	0.06	0.06
Consumption per Pcs of production		
<i>Product : Made-up</i>		
Electricity (KWH)	1.94	1.89
C. 1. Energy Conservation Measures taken :		
	(a) Steam leakages in the steam distribution network are monitored on continuous basis for early detection and rectification.	
	(b) Fuel consumption of boiler is monitored and optimised by way of daily and schedule maintenance. Fuel gas analysis is carried out periodically to ascertain performance of oil burner assembly.	
	(c) Non-essential consumers in the utility/service section are normally kept out of operation during high tariff period, to cut down energy cost.	
	(d) Radio frequency dryer for drying of dyed hank has been introduced primarily for better and uniform drying which has also contributed to energy saving.	
	(e) Use of imported twisted yarn has reduced the electrical load of twisting/uptwisting section.	
	(f) The general awareness drive continues among the employees of all categories for energy conservation.	
2. Additional Investments for reduction of power consumption :		
	There has not been any specific investment, other than in-house effort towards energy conservation.	

3. Impact of the measures taken for reduction of energy consumption and consequent impact on production cost : Positive influence on average production cost.

BENEFITS DERIVED AS A RESULT OF RESEARCH & DEVELOPMENT

- A) Specific Areas in which R & D carried by the Company : i) TDS Stabilisation of process water.
ii) Segregation of mills for China Twisted Filature Yarn.
- B) Benefits derived as a result of the above R & D : i) More stability in dyeing process and share reproducibility.
ii) Reduction of rejection due to filament stain.
- C) Future plan of action : To standardise chemicals & auxiliaries quality & Categorisation of suppliers as per requirement.
- D) Expenditure on R & D : NIL

TECHNOLOGY ABSORPTION

- A) Efforts in brief made towards Technology Absorption, Adoption and Innovations : Steam processing testing for fabrics.
- B) Benefits derived as a result of the above efforts : i) Improvement in quality of finished fabric.
ii) Encouraging response from buyers.
- C) In case of Imported Technology : N. A.
(i) Technology Imported - N.A.
(ii) Year of Import - N.A.
(iii) Status of Absorption - N.A.

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956
RELATING TO SUBSIDIARY COMPANIES**

Name of the Subsidiary Silks Ltd.*	Tanushree Inc	Spin International	OOO JJ Homes S.A.	JJ Creations
The Financial Year of the subsidiary Company ended on	31.03.2011	31.03.2011	31.03.2011	31.03.2011
Number of shares in the subsidiary Company held by J. J. Exporters Limited at the above date		Stock ₹ 44,420/-	1 ₹ 15,700	85 ₹ 3,276,074/-
- Equity Shares	Nil	US \$ 1000	RBLS 10,000	EURO 52,275
- Equity Holding		100%	100%	85%
The net aggregate of Profits/(Losses) of the subsidiary Company for its Financial Year so far as they concern the Members of J. J. Exporters Limited :-				
a) Dealt within the account of J. J. Exporters Limited for the year Ended 31.03.2011	(3,249,184)	Nil	Nil	Nil
b) Not dealt within the account of J. J. Exporters Limited for the Year Ended 31.03.2011 (Net of Taxes)	Nil USD 87,616	₹ 3,891,903 /- RBLS (466,137)	₹ (731,835) EURO 7982.35	₹ 500,254/-
The net aggregate of Profits/(Losses) of the subsidiary Company upto previous financial years so far as they concern the members of J. J. Exporters Limited :-				
a) Dealt within the account of J. J. Exporters Limited upto year Ended 31.03.2010	NIL USD 7,000	₹ 310,940/-	NIL	NIL
b) Not dealt within the account of J. J. Exporters upto year Ended 31.03.2010	₹ (27,96,245)/-	₹ 32,068,797/- USD 721,945	₹ (3,758,001) RBLS (2,393,631)	₹ 207,688/- Euro 3314
Change in the interest of J. J. Exporters Limited between the end of the financial year and 31st March, 2011	—	—	—	—
Material changes between the end of the financial year and 31st March, 2011	—	—	—	—

- i) US\$ have been converted to INR at the exchange rate prevailing on 31st March, 2011 (1 US\$ = ₹ 44.42)
 ii) RBLS have been converted to INR at the exchange rate prevailing on 31st March, 2011 (1 RBLS = ₹ 1.57)
 iii) EURO have been converted to INR at the exchange rate prevailing on 31st March, 2011 (1 EURO = ₹ 62.67).

*Strike off u/s.560 of the Companies Act, 1956, during this year.

For and on behalf of the Board

S. N. Jhunjunwala
Executive Chairman

Rajiv Jhunjunwala
Vice Chairman

As per our report of even date attached hereto

For **SALARPURIA JAJODIA & CO.**

ICAI Reg: No. 302111E
Chartered Accountants

Anand Prakash

Partner
(Membership No.56485)
Kolkata
Dated: 14th June, 2011

Arvind Thakur
Chief Financial Officer

S. L. Agrawal
Co. Secretary

Laxmi Jhunjunwala
P. K. Singhi
P. K. Sarkar
M. L. Gulrajani
Arun Kr. Shraff
P. J. Sheth

Directors

REPORT ON CORPORATE GOVERNANCE

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company believes in functioning in a transparent manner with the basic philosophy being to enhance shareholders value, keeping in mind the needs and interests of other stakeholders such as customers, employees and the community at large. The Company aims at achieving optimum performance at all levels by adhering to Corporate Governance practices such as effective management control, accountability for performance, compliance of law and transparent and timely disclosure of financial and management information.

Over the years, your Company has complied with the principles of Corporate Governance emphasizing on transparency, accountability and integrity. These have helped the Company to enhance stakeholder values.

II. BOARD OF DIRECTORS

The Board of Directors of the Company has an optimum combination of Executive, Non-Executive and Independent Directors and complies with the requirements of Clause 49 of the Listing Agreement with Stock Exchanges in India. The Board of Directors of the Company consists of two Promoter Executive Directors, one Promoter Non-Executive Director, Four Non Promoter Non-Executive Directors and one Non Promoter - Executive Director.

During the year under review, 4 (four) Board Meetings were held on 26.05.2010, 28.07.2010, 10.11.2010 and 28.01.2011.

Composition of the Board of Directors and other details as on 31st March, 2011 are as under :

Name	Executive/Non-Executive/ Independent	No. of other Directorships held (other than Private Companies)	Committee positions held (other than JJEL)		No. of Board Meetings attended during the year	Whether attended last AGM on 28th July, 2010
			As Chairman	As Member		
Mr. S. N. Jhunjhunwala	Promoter, Executive	2	None	None	4	Yes
Mrs. Laxmi Jhunjhunwala	Promoter, Non Executive	1	None	None	2	Yes
Mr. Rajiv Jhunjhunwala	Promoter, Executive	1	None	None	3	No
Mr. Arun Kumar Shraff	Non Promoter-Executive Director	None	None	None	3	Yes
Mr. P. J. Sheth	Non-Executive Independent	2	None	1	3	Yes
Mr. P. K. Sarkar	Non-Executive Independent	None	None	None	4	Yes
Mr. M. L. Gulrajani	Non-Executive Independent	2	None	None	2	Yes
Mr. Pradeep Kumar Singhi	Non-Executive Independent	5	2	1	4	Yes

Director

Mr. Pradeep Kr. Singhi and Mrs. Laxmi Jhunjhunwala, Directors, retire by rotation and being eligible have offered themselves for re-appointment. Mr. S. N. Jhunjhunwala and Mr. Rajiv Jhunjhunwala were re-appointed as Whole Time Directors, designated as Executive Chairman and Vice Chairman respectively of the Company during the year. Brief resume of the above Directors, nature of their expertise in specific functional areas and name of Companies in which they hold directorships, memberships/chairmanships of Board committee and their shareholding in the Company are provided below :

A brief resume of these Directors is as under :

Name	Age	Qualifications	Experience	Directorships held in other Companies	Committee memberships held in other companies	Nos of shares held as on 31.03.2011
Mrs. Laxmi Jhunjhunwala	72	B.A.	Mrs. Laxmi Jhunjhunwala has about 40 years of experience in marketing of silk products	1) Nupur Carpets Pvt. Ltd. 2) Sunita Bonds & Holdings Ltd.	—	176,000
Mr. Pradeep Kumar Singhi	56	FCA	Mr. Pradeep Kumar Singhi, is a fellow member of the Institute of Chartered Accountant of India (ICAI) and is a senior partner of reputed audit firm M/s. Singhi and Co. He has over 30 years of rich experience in finance and auditing.	1) Shree Vardhan Ltd. 2) New India Retailing and Investment Ltd. 3) P. S. Group Realty Ltd. 4) United Credit and Development Co. Ltd. 5) Dharampal Premchand Ltd. 6) Singhi Management and Financial Consultants (P) Ltd. 7) Waterloo Exports (P) Ltd. 8) Hirise Agencies Pvt. Ltd. 9) Vinar Systems Pvt. Ltd.	3 (Three)	—

				10) Avikar Trade Com. Pvt. Ltd. 11) Kriishnav Commercial Pvt. Ltd. 12) SMFC Advisory Services Pvt. Ltd. 13) Baker Tilly Singhi Consultants Pvt. Ltd. 14) Jagadamba Trade Com. Pvt. Ltd. 15) Siddhashila Apartment Pvt. Ltd.	
Mr. S. N. Jhunjhunwala	76	B.A.(Hons.) in Economics	Mr. S. N. Jhunjhunwala has been associated with export of silk fabrics since '1966	1) Rajanigandha Apartments Ltd. 2) Nupur Carpets Pvt. Ltd. 3) Sunita Bonds & Holdings Ltd. 4) Cedarwoods Infrastructure Pvt. Ltd.	— 222,800
Mr. Rajiv Jhunjhunwala	51	B. Com	Mr. Rajiv Jhunjhunwala has been associated with production and marketing of silk fabrics for about 30 years	1) Nupur Carpets Pvt. Ltd. 2) Sunita Bonds & Holdings Ltd. 3) Onset Exporters Pvt. Ltd. 4) Cedarwoods Infrastructure Pvt. Ltd.	— 222,800

The shareholding of the Non-Executive Directors in the Company as on 31.03.2011 is as follows :

Name of the Non-Executive Director	Nos. of shares held in the Company as on 31.03.2011	Nos. of stock options held in the Company as on 31.03.2011
Mrs. Laxmi Jhunjhunwala	176,000	NIL
Mr. P. J. Sheth	NIL	NIL
Mr. M. L. Gulrajani	NIL	NIL
Mr. P. K. Sarkar	NIL	NIL
Mr. Pradeep Kumar Singhi	NIL	NIL

Board Committees

III. AUDIT COMMITTEE

The Audit Committee of the Board comprises of three Independent Non-Executive Directors i.e. Mr. Pradeep Kumar Singhi, Mr. M. L. Gulrajani and Mr. P. K. Sarkar. Mr. Pradeep Kr. Singhi is the Chairman of the Committee. The committee met four times during the year under review on 26.05.2010, 28.07.2010, 10.11.2010 and 28.01.2011. The attendance of the members at these meetings was as follows :

Sl. No.	Name of the Members	Status	No. of Meetings attended
1.	Mr. Pradeep Kumar Singhi	Chairman, Independent Non-Executive	4
2.	Mr. P. K. Sarkar	Member, Independent Non-Executive	4
3	Mr. M. L. Gulrajani	Member, Independent Non-Executive	2

Mr. S. L. Agrawal, Company Secretary, Mr. Arvind Thakur – Chief Finance Officer, Mr. Vikrant Somani – Manager (Finance & Accounts), the Statutory Auditor and the Internal Auditors of the Company are invitees to the Audit Committee Meetings. Mr. S.L. Agrawal, Company Secretary acts as the Secretary to the Committee.

The terms of reference of the Audit Committee are as per Section 292A of the Companies Act, 1956 and the guidelines set out in the listing agreement with the Stock Exchanges that inter-alia includes overseeing financial reporting process, reviewing periodic financial results, reviewing with the management the financial statements and adequacy of internal control systems, discussions with the Auditors about the scope of audit including the observations of the auditors and discussion with the Internal Auditors on any significant findings. The Audit Committee also recommends to the Board the appointment, re-appointment and if required, the replacement or removal of Statutory Auditors, fixes their fees and remuneration as auditors and approves the remuneration paid for other services. It also reviews major defaults, if any, in payment of depositors, debenture holders, creditors and shareholders. The Audit Committee also decides the appointment, removal and the terms of remuneration of Internal Auditors.

IV. REMUNERATION COMMITTEE

The Committee consists of three Non- Executive Directors viz Mr. P.K.Sarkar, Mr. M. L. Gulrajani and Mrs. Laxmi Jhunjhunwala. Mr. P. K. Sarkar is the Chairman of the Committee. The Committee met once during the year on 28th January, 2011 to consider the re-appointment of Mr. S. N. Jhunjhunwala and Mr. Rajiv Jhunjhunwala as Whole Time Directors of the Company. The meeting was attended by Mr. P. K. Sarkar and Mr. M. L. Gulrajani.

The detail of remuneration paid to the Executive Directors during the year under review is given below :

Particulars	Mr. S. N. Jhunjhunwala, Executive Chairman	Mr. Rajiv Jhunjhunwala, Vice Chairman	Mr. Arun Kumar Shraff Whole time Director
Salary	₹ 1,536,000/-	₹ 1,440,000/-	₹ 913,860/-
Allowances and other perquisites	—	—	₹ 180,298/-
Contribution to Provident and Gratuity Funds	₹ 184,320/-	₹ 172,800/-	₹ 109,663/-
Total	₹ 1,720,320/-	₹ 1,612,800/-	₹ 1,203,821/-
Service Contract	5 years (1st Feb, 2011 to 31st Jan, 2016)	5 years (1st Feb, 2011 to 31st Jan, 2016)	5 years (1st Nov, 2008 to 31st Oct, 2013)

Non-Executive Directors are not entitled to any remuneration other than the sitting fees. The details of remuneration paid to Non-Executive Directors during the year under review are given below :

Name of the Non-Executive Directors	Sitting Fees paid (₹)
Mrs. Laxmi Jhunjhunwala	₹ 25,000/-
Mr. P. J. Sheth	₹ 37,500/-
Mr. P. K. Sarkar	₹ 112,500/-
Mr. M. L. Gulrajani	₹ 62,500/-
Mr. Pradeep Kumar Singhi	₹ 100,000/-
Total	₹ 337,500/-

V. SHAREHOLDERS' COMMITTEE

a) **Shareholders'/Investors' Grievance Committee** : The Committee consists of Mr. P. K. Sarkar, Mr. S. N. Jhunjhunwala and Mr. Arun Kumar Shraff. Mr. P. K. Sarkar is the chairman of the committee.

Details of Shareholders' complaints received : No complaints were received during the year. No shares were pending for transfer as on 31st March, 2011, from the shareholder of the Company. No meeting of the shareholders/Investors Grievances Committee was held during the year as there were no complains to be resolved.

b) **Share Transfer Committee** : Share Transfer Committee functions with Mr. S. N. Jhunjhunwala, Chairman, Mr. Rajiv Jhunjhunwala and Mr. Arun Kumar Shraff as Members. The Committee met 9 (nine) times during the year under review.

Compliance Officer : Mr. S. L. Agrawal, Company Secretary is the Compliance Officer w.e.f. 1st September, 2009.

VI. GENERAL BODY MEETING

Location and Time, where last three Annual General Meetings were held are given below :

Accounting Year	Date	Location of the Meeting	Time	Special Resolution passed
2009-2010	28th July, 2010	Kala Kunj Hall, 48, Shakespeare Sarani Kolkata - 700 017	4.00 p.m.	Revision in the remuneration paid to Ms. Neha Jalan
2008-2009	30th July, 2009	- do -	4.00 p.m.	None
2007-2008	29th July, 2008	- do -	4.00 p.m.	Payment of Gratuity without any ceiling as per Gratuity Act to Mr. S. N Jhunjhunwala, Executive Chairman

No special resolution was passed through Postal Ballot during the F. Y. 2010-2011. None of the Business proposed to be transacted in the ensuing Annual General Meeting requires passing a special resolution through Postal Ballot.

VII. DISCLOSURES

a) The Company has not entered into any transaction of a material nature with the Promoters, Directors or Management, their subsidiaries or relatives that may have potential conflict with the interest of the Company at large. The Register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval. Transactions with related parties are disclosed in Note No.10 of Schedule – "P" to the Accounts in the Annual Report. A statement in summary form of transactions with related parties in ordinary course of business is placed periodically before the Audit Committee.

- b) The Company has laid down procedures to inform the Board Members about the risk assessment and minimisation procedures. The procedure is periodically reviewed to ensure that executive management controls risk through means of properly defined frame work. The Company has also adopted a Risk Management Policy in the meeting of the Board of Directors held on 31st January, 2006, the brief gist of which is as follows :
The risk associated with company's product can be broadly categorised under following heads :
1. **Change in fashion** : Company's products largely depend on the change in global fashion. In order to minimise the risk on account of finished goods held in stock, the Company has a policy of manufacturing goods only against confirmed orders from customers and maintain inventory only of those items which are not subject to fast change in fashion.
 2. **Global Competition** : The Company is taking all-round efforts to economize the cost of production to meet possible threat from China, a low cost producing center.
 3. **Currency Risk** : Open exposure in foreign currency is reviewed regularly and adequate steps are taken to cover the same in consultation with company's bankers.
- c) The Company has not made any public issues, rights issues or preference issues during the year under review.

VIII. MEANS OF COMMUNICATION

- a) In compliance with Clause 41 of the Listing Agreement, the Company regularly intimates Un-audited as well as Audited Financial results to the Stock Exchanges immediately after the Board takes them on record.
- b) The quarterly results of the Company are published in leading National Newspapers. Financial Results are also displayed on the corporate website i.e. www.jjexporters.com.
- c) Management Discussion and Analysis is covered in Directors' Report to the Shareholders and forms part of this Annual Report, which is posted to the shareholders of the Company.

IX. GENERAL SHAREHOLDERS' INFORMATION

- a) Date and venue of Thirty Eighth Annual General Meeting : The Thirty Eighth Annual General Meeting of the Company will be held on 28th July, 2011 at 4.00 p.m. at Kala Kunj, 48, Shakespeare Sarani, Kolkata – 700 017.
- b) Book Closure Dates : The Share Transfer Books and Register of Members will remain closed from 18th July, 2011 to 20th July, 2011 (both days inclusive).
- c) Exchanges listed at with code numbers : The Calcutta Stock Exchange Association Limited – **020029**
7, Lyons Range, Kolkata - 700 001
The Stock Exchange, Mumbai – **530049**
Phiroze Jeejeebhoy Towers, Dalai Street, Mumbai - 400 001

The Listing Fees to the above Stock Exchanges have been paid for the year 2010-11.

d) Share Price Data* (BSE) (in ₹)	:	Months	High	Low
		April, 2010	29.80	23.75
		May, 2010	30.00	23.00
		June, 2010	25.95	23.00
		July, 2010	26.95	22.50
		August, 2010	25.00	22.20
		September, 2010	24.40	22.05
		October, 2010	26.15	22.10
		November, 2010	27.00	18.40
		December, 2010	22.00	17.10
		January, 2011	19.00	15.50
		February, 2011	17.10	14.50
		March, 2011	16.85	12.70

* Source www.bseindia.com

- e) Registrar & Transfer Agents (both for Demat & Physical) : **M/s. MCS Limited**
77/2A, Hazra Road, Kolkata - 700 029
Phone : (033) 2454 1892-1893, Fax : (033) 2454 1961
E-mail : mcskol@rediffmail.com
- f) Share Transfer System : As the Company's shares are compulsorily traded in dematerialized form, the transfers are processed and approved in the electronic form by NSDL/CDSL with whom the Company has entered into separate agreements. The Share Transfer in physical form are processed and registered within a period of 15 days from the date of receipt on an average provided the documents are in order.

g) Shareholding Pattern as on 31st March, 2011	:	<table border="0"> <thead> <tr> <th style="text-align: left;">Category</th> <th style="text-align: right;">No. of Shares</th> <th style="text-align: right;">Percentage</th> </tr> </thead> <tbody> <tr> <td>Promoters *</td> <td style="text-align: right;">67,40,749</td> <td style="text-align: right;">72.78%</td> </tr> <tr> <td>Domestic Institutional Investors</td> <td style="text-align: right;">—</td> <td style="text-align: right;">—</td> </tr> <tr> <td>NRI's/OCB's</td> <td style="text-align: right;">4,00,684</td> <td style="text-align: right;">4.33%</td> </tr> <tr> <td>Other Body Corporates</td> <td style="text-align: right;">5,31,024</td> <td style="text-align: right;">5.73%</td> </tr> <tr> <td>Indian Public</td> <td style="text-align: right;">15,89,793</td> <td style="text-align: right;">17.16%</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">92,62,250</td> <td style="text-align: right;">100.00%</td> </tr> </tbody> </table>	Category	No. of Shares	Percentage	Promoters *	67,40,749	72.78%	Domestic Institutional Investors	—	—	NRI's/OCB's	4,00,684	4.33%	Other Body Corporates	5,31,024	5.73%	Indian Public	15,89,793	17.16%	Total	92,62,250	100.00%
Category	No. of Shares	Percentage																					
Promoters *	67,40,749	72.78%																					
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NRI's/OCB's	4,00,684	4.33%																					
Other Body Corporates	5,31,024	5.73%																					
Indian Public	15,89,793	17.16%																					
Total	92,62,250	100.00%																					

* Includes shares held by J. J. Exporters Beneficiary Trust as treasury stock on behalf of the Company.

- h) Dematerialization of Shares : As at 31st March, 2011, approximately 97.74% of the total Equity Shares are held in dematerialised form with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL). The Company's Equity Shares are traded compulsorily in dematerialised form. The ISIN of the Company is INE408B01015.
- i) Branch Locations (including major works) :
- 1) # A12 & A 13, Apparel Park Area, 1st Phase Doddaballapur - 561 203, Bangalore, Karnataka.
 - 2) Bounsi Road, Bhagalpur – 2.
 - 3) Mauza Gangarampur, Post Bishnupur, Dist. 24 Parganas (S), West Bengal.
 - 4) Onset - 51/2, Hindusthan Park, Gariahat, Kolkata - 700 019.
- j) Address for correspondence : **J. J. Exporters Limited**
23C, Ashutosh Chowdhury Avenue, KCI Plaza, Second Floor, Kolkata - 700 019
Phone : (033) 2461 4775, Fax : (033) 2461 4780, Email : jjemail@vsnl.com

X. CODE OF PROFESSIONAL CONDUCT

The Company has formulated a Code of Conduct for all Board Members and Senior Management Personnel and the same has been adopted by the Board in its meeting held on 31st January, 2006. The Code is also available on the website of the Company. A declaration from the CEO that all Board Members and senior management personnel have duly complied with the Code of Conduct for the financial year ended 31st March, 2011 is appended herein below :

This is to state that the Company, had duly adopted a Code of Conduct in the meeting of the Board of Directors held on 31st January, 2006. After adoption of the Code of Conduct the same was circulated to all the Board Members and senior management personnel for compliance. The Code of Conduct has also been posted on the website of the company. The Company has since received declarations from all the Board Members and senior management personnel affirming compliance of the Code of Conduct of the Company in respect of the financial year ended 31st March, 2011.

S. N. Jhunjunwala
Executive Chairman

XI. CEO/CFO CERTIFICATE

The Company with effect from the financial year ending 31st March, 2006, is duly placing a certificate to the Board from the CEO and CFO in accordance with the provisions of Clause 49(v) of the Listing Agreement. The aforesaid certificate duly signed by the CEO and CFO in respect of the financial year ended 31st March, 2011 has been placed before the Board in the meeting held on 14th June, 2011.

XII. SUBSIDIARY COMPANIES

The Company had three wholly owned subsidiaries namely Tanushree Silks Limited - India, Spin International Inc. - USA, and OOO JJ Home - Russia. The provisions of Clause 49 of the Listing Agreement are not applicable to Spin International Inc. and OOO JJ Home. Although Tanushree Silks Ltd. did not fall within the meaning of material non-listed Indian subsidiary defined in Explanation I of clause 49(iii) of the Listing Agreement, the following compliances were duly made by the Company :

- i) Audit Committee reviews the financial statements made by the aforesaid subsidiary Company. There are no investments made by the aforesaid subsidiary Company during the period under review.
- ii) The minute of the Board Meeting of the subsidiary Company is placed at the Board Meeting of the Company.

The Directors of Tanushree Silks Ltd. filed a petition with the appropriate authorities to strike off the name of the said Tanushree Silks Ltd. from the records of the Registrar of Companies u/s.560 of the Companies Act, 1956. The name of Tanushree Silks Ltd. has since been struck off from the records of the Registrar of Companies.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members,
J. J. EXPORTERS LIMITED

We have examined the compliance of conditions of Corporate Governance by J.J. Exporters Limited for the year ended on 31st March, 2011, as stipulated in Clause 49 of the Listing Agreement(s) of the said company with stock exchange(s) in India.

The Compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance [as stipulated in Clause 49 of the Listing Agreement(s)], issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement(s).

We state that such Compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **SALARPURIA JAJODIA & CO.**
Chartered Accountants

Anand Prakash
Partner

Membership No. 56485
ICAI Reg.No. 302111E

Place : Kolkata.
Dated: 14th day of June, 2011.

AUDITORS' REPORT

To the members of
J. J. Exporters Ltd.

We have audited the attached Balance Sheet of J. J. EXPORTERS LTD., as at 31st March, 2011, the annexed Profit and Loss Account for the year ended on that date, and also the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2004 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the company.
3. Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account of the Company;
 - iv) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - v) Based on the representations made by the Directors as on 31st March, 2011 and taken on record by the Board of Directors of the Company and the information and explanations given to us, none of the Directors is, as at 31st March, 2011 prima facie disqualified from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - vi) In our opinion and to the best of our information and according to the explanations given to us, further attention drawn to Note No.28 of Schedule "P" regarding accounting of derivative transactions in view of legal advice, the said financial statements give the information required by the Companies Act, 1956, in the manner so required and present a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011 and
 - (b) In the case of the Profit and Loss Account, of the loss for the year ended on that date; and
 - (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **SALARPURIA JAJODIA & CO.**
Chartered Accountants

Anand Prakash
Partner

Membership No.56485
ICAI Reg: No. 302111E

Place : Kolkata.
Dated: 14th day of June, 2011

ANNEXURE TO THE AUDITORS' REPORT

ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2011 OF J.J. EXPORTERS LTD.

On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we state that:

- i) (a) The Company has generally maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) As explained to us, fixed assets, according to the practice of the Company, are physically verified by the management at reasonable intervals, in a phased verification-programme, which, in our opinion, is reasonable, looking to the size of the Company and the nature of its business. According to the information and explanations given to us, no material discrepancies were noticed on such verification;
- (c) The Company has not disposed off any substantial part of its fixed assets so as to affect its going concern;
- ii) (a) As explained to us, inventories have been physically verified during the year by the management, except for inventories lying with outside parties, which have, however, been confirmed by them;
- (b) The procedures explained to us, which are followed by the management for physical verification of inventories, are in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business;
- (c) On the basis of our examination of the inventory records of the Company, we are of the opinion that, the Company is maintaining proper records of its Inventory. Discrepancies that were noticed on physical verification of inventory as compared to book records have been properly dealt with in the books of account. However, it is not material in nature.
- iii) (a) The Company has, granted unsecured interest free loans to its subsidiary companies. The details of loan transactions are as follows:-

No. of Party	Opening as on 01.04.10 ₹	Given during the year ₹	Refunded during the year ₹	Written Off ₹	Closing as on 31.03.11 ₹	Maximum balance ₹
3	1,23,77,710	2,28,860	7,31,115	14,49,185	1,04,26,270	1,23,77,710

- (b) In our opinion, the terms and conditions on which loans have been granted to the companies listed in the register maintained under Section 301 of the Companies Act, 1956 are not prima facie, prejudicial to the interest of the company since being subsidiary companies.
- c) The subsidiary companies have repaid the principal amounts as stipulated and as per the mutual consent. However, one subsidiary company has been struck off u/s. 560 of the Companies Act, 1956. The loan outstanding of the same has been written off during the year [ref. Note 11(xiii) of Schedule "P"].
- d) There is no overdue amount more than Rupees one lakh of aforesaid loan during the year.
- e) According to the information & explanations given to us, the company has not taken any loan, secured or unsecured from companies, firms, other parties listed in the register maintained under section 301 of the Companies Act, 1956. Hence comments on Clause No.III (f) and (g) of the said order does not arise.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of Inventory, fixed assets and for sale of goods and services. During the course of our previous assessment, no continuing failure to correct major weakness in internal control system had come to our notice;
- v) (a) On the basis of the audit procedures performed by us and according to the information, explanations and representations given to us, we are of the opinion that, the particulars of contracts or arrangements in which directors were interested as contemplated under Section 297 and sub-Section (6) of Section 299 of the Companies Act, 1956 and which were required to be entered in the register maintained under Section 301 of the said Act, have been so entered;

- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 exceeding the value of ₹ 5 lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at that time ;
- vi) The Company has not accepted any deposits from the public within the meaning of section 58A and 58AA of the Act and the rules framed there under. Therefore, the provisions of Clause 4(vi) of the order are not applicable to the company.
- vii) On the basis of the internal audit reports broadly reviewed by us, we are of the opinion that, the coverage of internal audit functions carried out by a firm of Chartered Accountants appointed by the management is commensurate with the size of the Company and the nature of its business.
- viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of the Company's product to which the said rules are made applicable, and are of the opinion that, prima-facie, the prescribed accounts and records have been made and maintained. We have, however not made a detailed examination of the same;
- ix) (a) According to the records of the Company, it has been generally regular in depositing undisputed statutory dues including provident fund, Investors Education & Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other Statutory Dues with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Cess were in arrears as at 31st March, 2011 for a period of more than six months from the date they became payable;
- (c) On the basis of our examination of the documents and records, the following disputed statutory dues on account of Income Tax and Sales Tax which have not been deposited with the appropriate authorities are as under :

Nature of the Dues	Amount ₹	Forum where disputed is pending
Income Tax	15,10,91,809	Commissioner of Income Tax (appeals)
Sales Tax	16,66,677	Joint Commissioner of Sales Tax

- x) There are no accumulated losses of the Company at the end of the financial year and it has not incurred cash losses, both, in the financial year under report and the immediately preceding financial year.
- xi) On the basis of the records examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions and banks.
- xii) As explained to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or any other securities;
- xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of this clause are not applicable to the Company.
- xiv) In our opinion and according to the information and explanation given to us, the company has maintained proper records for its transactions of dealing or trading in shares and securities and timely entries have been made therein. The company in its own name holds the shares, securities and other investments save and except 1,303,675 nos. of equity shares of the company issued under the scheme of amalgamation, which are being held by J. J. Exporters Beneficiary Trust (refer Note No. 6 of Schedule "P").
- xv) According to the information and explanations given to us, and the representations made by the management, the Company has not given any guarantee for loans taken by others from any bank or financial institution.
- xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose on which they were raised.
- xvii) According to the information and explanations given to us and on an overall examination of the Financial Statement of the Company and after placing reliance on the reasonable assumptions made by the Company for classification of long term and short term usages of fund, we are of the opinion that the funds raised by the company on short term basis has not been used for long term investment.

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- xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- xix) According to the information and explanation given to us during the period covered by our Audit Report, the Company has not issued any debenture.
- xx) The Company has not raised any money by way of public issue, during the year;
- xxi) According to the information and explanations given to us and to the best of our knowledge and belief, no fraud on or by the Company, has been noticed or reported by the Company during the year;

For **SALARPURIA JAJODIA & CO.**
Chartered Accountants

Anand Prakash
Partner

Membership No. 56485
ICAI Reg: No. 302111E

Place : Kolkata.
Dated: 14th day of June, 2011

BALANCE SHEET AS AT 31ST MARCH, 2011

PARTICULARS	Schedule	As at 31.03.2011		As at 31.03.2010	
		₹	₹	₹	₹
I SOURCES OF FUNDS					
1 SHAREHOLDERS' FUNDS :					
a) Share Capital	A	92,622,500		92,622,500	
b) Reserves & Surplus	B	<u>409,617,572</u>	502,240,072	<u>497,253,298</u>	589,875,798
2 LOAN FUNDS					
Secured Loans	C		<u>603,561,638</u>		<u>568,293,810</u>
TOTAL SOURCES OF FUNDS			<u>1,105,801,710</u>		<u>1,158,169,608</u>
II APPLICATION OF FUNDS					
1 FIXED ASSETS					
Gross Block	D	1,376,506,053		1,365,475,557	
Less : Depreciation		<u>783,961,017</u>		<u>728,252,930</u>	
Net Block		592,545,036		637,222,627	
Capital Work-in-Progress		<u>1,789,790</u>	594,334,826	<u>3,937,938</u>	641,160,565
2 INVESTMENTS	E		<u>89,463,751</u>		<u>90,818,117</u>
3 CURRENT ASSETS, LOANS AND ADVANCES					
Current Assets	F				
(a) Inventories		281,893,997		249,931,295	
(b) Sundry Debtors		112,736,220		100,722,669	
(c) Cash & Bank Balances		39,638,629		27,589,799	
(d) Other Current Assets		<u>11,473,109</u>		<u>7,463,176</u>	
Loans and Advances	G	127,526,743		168,488,514	
		<u>573,268,698</u>		<u>554,195,453</u>	
Less:					
4 Current Liabilities and Provisions	H				
(a) Current Liabilities		89,611,488		66,400,450	
(b) Provisions		<u>61,654,077</u>		<u>61,604,077</u>	
		<u>151,265,565</u>		<u>128,004,527</u>	
Net Current Assets			<u>422,003,133</u>		<u>426,190,926</u>
TOTAL APPLICATION OF FUNDS			<u>1,105,801,710</u>		<u>1,158,169,608</u>
NOTES TO THE ACCOUNTS & SIGNIFICANT ACCOUNTING POLICIES	P				

As per our report of even date attached hereto

For **SALARPURIA JAJODIA & CO.**

ICAI Reg: No. 302111E

Chartered Accountants

Anand Prakash

Partner

(Membership No.56485)

Kolkata

Dated:14th June, 2011

Arvind Thakur
Chief Financial Officer

S. L. Agrawal
Co. Secretary

For and on behalf of the Board

S. N. Jhunjhunwala
Executive Chairman

Rajiv Jhunjhunwala
Vice Chairman

Laxmi Jhunjhunwala
P. K. Singhi
P. K. Sarkar
M. L. Gulrajani
Arun Kr. Shraff
P. J. Sheth

Directors

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

PARTICULARS	Schedule	For the year ended 31.03.2011		For the year ended 31.03.2010	
		₹	₹	₹	₹
INCOME					
Sales	I	650,759,093		595,531,619	
Other Income	J	45,576,316		23,770,134	
			696,335,409		619,301,753
EXPENDITURE					
Raw Materials Consumed	K	323,794,680		230,030,383	
Finished Goods Purchases		8,937,848		10,000,927	
(Increase)/Decrease in Stock	L	(5,602,595)		43,031,820	
Manufacturing Expenses	M	77,889,575		69,212,572	
Personnel Expenses	N	126,409,440		103,808,830	
Administration & Selling Expenses	O	118,645,092		107,413,448	
			650,074,040		563,497,980
Operating profit / (Loss)			46,261,369		55,803,773
Interest			39,884,197		21,556,291
Profit/(Loss) before depreciation			6,377,172		34,247,482
Depreciation			57,241,800		34,617,794
Prior Period Items			948,572		296,161
Profit/(Loss) after depreciation, before extra Ordinary item			(51,813,200)		(666,473)
Extra Ordinary Item (Refer note no. 28 of schedule P)			35,772,526		—
Provision for Taxation (Wealth Tax)			50,000		—
(Including ₹ 20,271/- for earlier years)					
Profit/(Loss) after tax			(87,635,726)		(666,473)
Add : Brought forward Profit		95,184,788		95,851,261	
			95,184,788		95,851,261
Profit available for Appropriation			7,549,062		95,184,788
APPROPRIATIONS					
Balance carried to Balance Sheet			7,549,062		95,184,788
Basic / Diluted Earning Per Share before extra Ordinary Item			(5.60)		(0.07)
Basic / Diluted Earning Per Share after extra Ordinary Item			(9.46)		(0.07)

NOTES TO THE ACCOUNTS & SIGNIFICANT ACCOUNTING POLICIES P

For and on behalf of the Board

S. N. Jhunjunwala
Executive Chairman

Rajiv Jhunjunwala
Vice Chairman

As per our report of even date attached hereto

For **SALARPURIA JAJODIA & CO.**

ICAI Reg: No. 302111E

Chartered Accountants

Anand Prakash

Partner

(Membership No.56485)

Kolkata

Dated:14th June, 2011

Arvind Thakur
Chief Financial Officer

S. L. Agrawal
Co. Secretary

Laxmi Jhunjunwala
P. K. Singhi
P. K. Sarkar
M. L. Gulrajani
Arun Kr. Shraff
P. J. Sheth

Directors

SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE "A" SHARE CAPITAL	As at 31.03.2011 ₹	As at 31.03.2010 ₹
Authorised		
10,000,000 (10,000,000) Equity Shares of ₹ 10/- each	100,000,000	100,000,000
Issued, Subscribed & Paid-up		
1,257,500 (1,257,500) Equity Shares of ₹ 10/- each fully paid-up in Cash.	12,575,000	12,575,000
42,500 (42,500) Equity Shares of ₹ 10/- each allotted as fully paid-up, pursuant to contract without payment being received in cash.	425,000	425,000
5,876,000 (5,876,000) Equity Shares of ₹ 10/- each allotted as fully Paid - up Bonus Shares by way of Capitalisation of Reserves.	58,760,000	58,760,000
2,086,250 (2,086,250) Equity Shares of ₹ 10/- each allotted as fully Paid pursuant to scheme of amalgamation	20,862,500	20,862,500
	92,622,500	92,622,500
SCHEDULE "B" RESERVE AND SURPLUS	As at 31.03.2011 ₹	As at 31.03.2010 ₹
Share Premium Account		
As per last Balance Sheet	48,203,900	48,203,900
Capital Reserve		
Capital subsidy received from WBIDC	7,934,000	7,934,000
Pursuant to scheme of amalgamation	1,530,610	1,530,610
General Reserve		
As per last Balance Sheet	344,400,000	344,400,000
Profit & Loss Account	7,549,062	95,184,788
	409,617,572	497,253,298
SCHEDULE "C" SECURED LOANS	As at 31.03.2011 ₹	As at 31.03.2010 ₹
Term Loan		
In Indian Rupee :		
From Bank	323,900,000	325,400,000
From a Company	10,000,000	—
Working Capital Loan from Banks		
Packing Credit Loan from Banks - in INR	1,054,041	1,005,137
Packing Credit Loan from Banks - in Foreign Currencies	195,426,613	161,332,593
Bills Discounted with Banks - in Foreign Currencies	70,406,628	65,290,831
Cash Credit from Banks (for Security Clause refer Note no. 8 of Schedule 'P')	2,774,356	15,265,249
	603,561,638	568,293,810

SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE "D" FIXED ASSETS

Particulars	GROSS BLOCK					DEPRECIATION				NET BLOCK	
	As on 01.4.2010 ₹	Additions during the year ₹	Sales during the year ₹	Total as on 31.3.2011 ₹	Upto 31.3.2010 ₹	During the year ₹	Less Adjustment on sales ₹	Total as on 31.3.2011 ₹	As on 31.3.2011 ₹	As on 31.3.2010 ₹	
Free-hold Land	31,162,926	—	3,306,556	27,856,370	—	—	—	—	27,856,370	31,162,926	
Leasehold Land*	3,732,737	—	—	3,732,737	173,676	12,213	—	185,889	3,546,848	3,559,061	
Buildings & Structures	422,310,713	6,002,861	861,011	427,452,563	81,685,366	26,833,683	365,660	108,133,389	319,319,175	340,625,347	
Plant & Machineries	775,292,477	4,369,547	260,682	779,401,342	585,195,960	16,614,137	424,648	601,375,449	178,025,893	190,106,517	
Office Equipments	4,318,398	615,158	20,444	4,913,112	2,376,490	287,299	9,504	2,654,285	2,258,826	1,941,908	
Electronic Data Processing Machines	35,802,781	1,580,612	—	37,383,393	25,884,010	4,047,582	—	29,931,592	7,451,801	9,918,771	
Electrical Installations	39,917,590	—	150,315	39,767,275	7,374,594	4,154,500	128,611	11,400,483	28,366,792	32,542,996	
Air-Conditioners	3,944,724	110,200	—	4,054,924	1,123,415	396,325	—	1,519,740	2,535,184	2,821,309	
Fire Fighting Equipments	671,855	—	—	671,855	310,232	35,579	—	345,811	326,044	361,623	
Furniture & Fittings	35,710,746	2,316,507	—	38,027,253	16,948,943	3,498,237	—	20,447,180	17,580,073	18,761,803	
Motor Cars	11,289,994	1,484,287	851,590	11,922,691	6,262,914	1,292,057	490,653	7,064,318	4,858,372	5,027,080	
Motor Van	506,759	225,544	223,622	508,681	303,819	38,336	94,637	247,518	261,163	202,940	
Scooter & Cycles	413,967	—	—	413,967	339,110	14,109	—	353,219	60,749	74,857	
Weighing Scales	399,890	—	—	399,890	284,401	17,743	—	302,144	97,746	115,489	
Total	1,365,475,557	16,704,716	5,674,220	1,376,506,053	728,252,930	57,241,800	1,533,713	783,961,017	592,545,036	637,222,627	
Previous year's total	(1,136,980,509)	(237,329,716)	(8,834,668)	(1,365,475,557)	(698,548,906)	(34,617,794)	(4,913,770)	(728,252,930)	(637,222,627)		
Capital Work-in-Progress :									1,789,790	3,937,938	
Total									594,334,826	641,160,565	

* Includes ₹ 366,381/- for Leasehold Land, Which is being depreciated over the period of lease.

SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE "E" INVESTMENT : (At cost)

Particulars	Face Value ₹	As at 01.04.10		Additions (Cost)		Deductions (Cost)		As at 31.03.11	
		No. of Shares	Value ₹	No. of Shares	Value ₹	No. of Shares	Value ₹	No. of Shares	Value ₹
A) Long Term :									
i) in fully paid-up shares of subsidiary Co. (trade)									
Equity shares (Unquoted)									
– Tanushree Silks Ltd.*		180,000	1,800,008			180,000	1,800,008	—	—
– Spin International Inc.			40,809						40,809
– OOO J J Home (FC)		1	16,272					1	16,272
– J J Creations SA (FC)		850	1,500,690					850	1,500,690
ii) Unquoted									
Ballygunge Services Pvt. Ltd.	10	1,000	10,000					1,000	10,000
iii) Equity Shares (quoted)									
– J. J. Exporters Ltd. (Held by J. J. Exporters Beneficiary Trust)	10	1,303,675	81,100,278					1,303,675	81,100,278
– ABG Infralogistics Limited	10	8,630	4,223,506			130	23,790	8,500	4,199,714
– ABG Shipyard Limited	10	5,000	2,832,921			1,000	566,580	4,000	2,266,341
(A)			91,524,484				2,390,378		89,134,104
B) Short Term :									
i) Investment in Govt. Securities (non-trade)									
Unquoted									
– National Savings Certificates			12,350				250		12,100
– Indira Vikas Patra			200				200		—
ii) Other Securities (non-trade)									
– Reliance Broadcast Network Ltd.	5	1,000	562,279					1,000	562,279
– Usha Martin Ltd.	1	2,465	172,065			2,465	172,065	—	—
– R. S. Software (India) Ltd.	10	8,000	388,697	1,400		3,000	145,101	6,400	243,597
– Reliance Power Ltd.	10	1,100	163,626			1,100	163,626	—	—
– Mount Everest Mineral Water Ltd.	10	5,500	404,134			5,500	404,134	—	—
(B)			1,703,351				885,376		817,976
Total : (A+B)			93,227,835				3,275,754		89,952,080
Less : Provision for fall in value of short term investment			(2,409,718)						(488,329)
Total :-			90,818,117				3,275,754		89,463,751

* Note : The Company has since been Struck off u/s 560 of the Companies Act, 1956. The amount of Investment was adjusted against the provision created in earlier years.

SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH, 2011

	As at 31.03.2011		As at 31.03.2010	
	Cost ₹	Market value ₹	Cost ₹	Market value ₹
Aggregate Value of Quoted Investment	88,372,209	22,440,143	89,847,506	35,065,370
Aggregate Value of Un-quoted Investment	1,579,871	NA	3,380,329	NA

Equity Share Purchased and Sold during the year :

Particulars	Face Value	As at 31.03.2011		As at 31.03.2010	
		No. of Share	Cost	No. of Share	Cost
N T P C	10	—	—	1,000	227,757
R. S. Software	10	—	—	12,873	530,972
Reliance Media Works	5	—	—	1,000	289,935
Birla Corporation	10	—	—	500	159,901

SCHEDULE "F" CURRENT ASSETS

	As at 31.03.2011		As at 31.03.2010	
	₹	₹	₹	₹
Inventories (As taken & certified by the Management)				
Raw Materials	105,670,748		81,720,244	
Finished Goods	86,236,126		89,559,234	
Semi Finished Goods	72,986,322		64,060,619	
Packing Materials	254,441		312,760	
Stores	16,746,360	281,893,997	14,278,438	249,931,295
Sundry Debtors [Unsecured, considered Good]				
Debt Outstanding for a period exceeding six months	6,798,736		8,780,011	
Other debts	105,937,484	112,736,220	91,942,658	100,722,669
Cash and Bank Balances				
Cash in Hand [including Foreign Exchange in hand ₹ 39,292/- (₹ 149,897/-) & Cheque in hand ₹ Nil (₹ 1,478/-)]	931,479		568,959	
Balance with Scheduled Banks				
– In Current Account	2,982,200		10,402,279	
– In Fixed Deposit Account [under lien ₹ 4,321,598/- (₹ 11,151,073/-)]	32,359,948		14,401,073	
– In Unpaid Dividend Account	693,191		847,540	
– In Foreign Currency Account	2,671,811	39,638,629	1,369,948	27,589,799
Other Assets				
Interest Accrued	2,455,352		1,712,827	
Duty Draw-Back Receivable	1,922,478		336,348	
DEPB Entitlements Receivable	460,726		475,670	
Focus Product Licence in hand	1,682,032		—	
TUFS Subsidy Receivable	4,952,521	11,473,109	4,938,331	7,463,176
		445,741,955		385,706,939

SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE "G" LOANS & ADVANCES

	As at 31.03.2011		As at 31.03.2010	
	₹	₹	₹	₹
Loans (Unsecured, Considered Good)				
To Subsidiaries	10,426,270		12,377,710	
To Others	<u>1,000,000</u>	11,426,270	<u>1,000,000</u>	13,377,710
Advances (Considered Good) [Recoverable in Cash or in kind or for value to be received] [Excluding ₹ 475,387/- (₹ 571,482) considered doubtful & fully provided]	28,524,411		25,134,199	
Advances against Capital Goods	6,657,584		12,749,399	
Security Deposits	2,658,499		3,885,033	
Prepaid Expenses	2,397,732		1,908,104	
Advance Fringe Benefit Tax	2,634,710		2,634,710	
Advance Income-Tax / Wealth-Tax	69,673,612		69,472,908	
Claim Receivable (Refer Note no 28 of Schedule P)	35,772,526		35,772,526	
Less : Provided for	<u>35,772,526</u>	—		
Income Tax Refund Receivable	<u>3,553,925</u>	116,100,473	<u>3,553,925</u>	155,110,804
		<u>127,526,743</u>		<u>168,488,514</u>

SCHEDULE "H" CURRENT LIABILITIES & PROVISIONS

	As at 31.03.2011		As at 31.03.2010	
	₹	₹	₹	₹
A) CURRENT LIABILITIES:				
Sundry Creditors:-				
– Micro, Small and Medium Enterprise	—		—	
– Others	63,800,178		60,145,194	
– Other Liabilities	2,954,559		2,596,105	
– Advance from Customers	22,175,031		2,827,044	
Unclaimed Dividend*	<u>681,720</u>	89,611,488	<u>832,107</u>	66,400,450
B) PROVISIONS :				
For Taxation	<u>61,654,077</u>	61,654,077	<u>61,604,077</u>	61,604,077
		<u>151,265,565</u>		<u>128,004,527</u>

*There is no amount due and outstanding as at Balance Sheet date to be credited to Investor's Education and Protection Fund.

SCHEDULES TO THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE "I" SALES

	For the year ended 31.03.2011		For the year ended 31.03.2010	
	₹	₹	₹	₹
Export Sales (FOB Value)	619,711,529		532,521,821	
Deemed Exports	690,624		13,630,925	
Local Sales / Realisations	15,427,132		19,253,056	
Design and Development Income	1,487,757	637,317,042	3,772,487	569,178,289
Export Incentives :				
Duty Exemption Pass-Book Entitlements	423,492		371,538	
Duty Draw-Back	6,977,878		4,185,137	
Focus Product incentive scheme	3,255,771		3,449,391	
Foreign Exchange Rate Fluctuation Gain (Net)	2,784,910	13,442,051	18,347,264	26,353,330
		650,759,093		595,531,619

SCHEDULE "J" OTHER INCOME

	For the year ended 31.03.2011		For the year ended 31.03.2010	
	₹	₹	₹	₹
Dividend on Long-term investments		96,500		65,000
Dividend on Short-term investments		2,124		35,064
Interest Gross [TDS ₹ 180,432 /- (₹ 153,528/-)]		1,901,275		1,474,652
Rent Received [TDS ₹ Nil (TDS ₹ 32,553/-)]		—		177,242
Profit on sale of Fixed Assets		41,701,686		8,488,758
Miscellaneous Receipts & Adjustments (Net)		1,745,050		3,963,316
Sundry balance written back (net)		8,300		5,318,631
Provision for fall in value of investment written back		121,381		4,247,471
		45,576,316		23,770,134

SCHEDULE "K" RAW MATERIALS CONSUMED

	For the year ended 31.03.2011		For the year ended 31.03.2010	
	₹	₹	₹	₹
Raw Material				
Opening Stock	81,720,244		55,001,870	
Add : purchases	350,428,268		262,159,581	
		432,148,512		317,161,451
Less : Sales of Process Rejects	2,683,084		5,410,824	
Less : Closing Stock	105,670,748	108,353,832	81,720,244	87,131,068
Raw Material consumed		323,794,680		230,030,383

SCHEDULES TO THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE "L" (INCREASE)/DECREASE IN STOCKS	For the year ended 31.03.2011		For the year ended 31.03.2010	
	₹	₹	₹	₹
Closing Stock				
Work-in-Progress & semi processed yarn	72,986,322		64,060,619	
Finished Goods	<u>86,236,126</u>	159,222,448	<u>89,559,234</u>	153,619,853
Opening Stock				
Work-in-Progress & semi processed yarn	64,060,619		75,738,510	
Finished Goods	<u>89,559,234</u>		<u>120,913,163</u>	
		153,619,853		196,651,673
[INCREASE]/DECREASE IN STOCKS		<u>(5,602,595)</u>		<u>43,031,820</u>

SCHEDULE "M" MANUFACTURING EXPENSES	For the year ended 31.03.2011		For the year ended 31.03.2010	
	₹	₹	₹	₹
Stitching, Embroidery & Designing Charges		15,062,190		13,605,760
Weaving, Dyeing, Printing & Processing Expenses		6,711,460		7,900,641
Stores Consumed		13,037,917		10,158,970
Power & Fuel		40,935,616		35,704,707
Carriage Inward		2,142,392		1,842,494
		<u>77,889,575</u>		<u>69,212,572</u>

SCHEDULE "N" PERSONNEL EXPENSES	For the year ended 31.03.2011		For the year ended 31.03.2010	
	₹	₹	₹	₹
Salary		47,029,812		45,307,836
Wages		34,212,091		25,732,223
Allowances		16,299,040		12,233,603
Bonus & Exgratia		7,666,438		6,930,912
Staff Welfare		3,484,484		2,952,356
Gratuity		4,063,807		498,510
Contribution to Provident Fund and Other funds		11,850,897		9,815,750
Provision for Leave - Pay		1,802,871		337,640
		<u>126,409,440</u>		<u>103,808,830</u>

SCHEDULES TO THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE "O" OTHER EXPENSES

	For the year ended 31.03.2011		For the year ended 31.03.2010	
	₹	₹	₹	₹
Rent		1,105,966		2,032,819
Rates & Taxes		3,938,101		1,367,103
Printing & Stationery		2,757,452		2,749,313
Postage, Telegrams, Telephone & Telex		4,384,090		3,532,309
Professional Fees		9,648,457		6,368,163
Service charges		5,039,327		3,560,947
Vehicles Maintenance		1,917,732		1,695,474
Insurance Premium (Net)		912,723		940,815
Bank Charges		3,480,359		4,231,114
Director's Remuneration		4,536,946		4,433,220
Director's Meeting Fees		337,500		350,000
Auditor's Remuneration :				
As Audit fees	575,000		657,445	
For Tax Audit Fees	40,000		90,000	
For Taxation	93,001		378,006	
For Certification	69,000		212,681	
For Reimbursement of Travelling Expenses	97,595		116,748	
		874,596		1,454,880
Repairs & Maintenance :				
To Building	1,203,767		2,232,755	
To Machinery	4,616,255		5,069,774	
To Others	2,702,718		1,987,906	
		8,522,740		9,290,435
Loss / (Profit) on sale of investment (Short Term)		6,077		1,448,700
Sundry Expenses		7,318,101		6,617,559
Charity & Donations		27,339		51,517
Travelling Expenses :				
Foreign Travelling	11,074,633		9,564,961	
Inland Travelling	1,765,828		1,301,791	
		12,840,461		10,866,752
Conveyance		6,842,594		3,116,481
Trade Fair Expenses (Net)		2,599,630		1,013,226
Advertisement		574,574		775,557
Samples (Net)		5,708,235		7,486,367
Packing Expenses		2,455,479		2,236,094
Commission & Brokerage		25,684,843		21,440,342
Freight & Delivery Charges		1,907,081		2,105,093
Export Credit Guarantee Premium		2,648,888		1,618,735
Export Promotion Expenses		103,661		43,300
Export Expenses		348,887		1,444,312
Rebate & Discounts		1,615,200		4,726,842
Market Survey Expenses		508,053		415,979
		118,645,092		107,413,448

SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

SCHEDULE-"P" NOTES TO ACCOUNTS & SIGNIFICANT ACCOUNTING POLICIES

	31.03.2011 ₹	31.03.2010 ₹
1 Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for — {Advance paid ₹ 6,657,584/- (Previous Year ₹ 15,213,602/-)}	NIL	NIL
2 Contingent Liabilities not provided for :		
a) Letters of Credit opened by Bank	NIL	1,457,808
b) Letters of Guarantee	7,070,200	8,210,190
c) Income Tax pending in appeals for earlier years (includes ₹ 138,351,661/- for which order was time barred as per management and has no locus standi in law)	151,091,809	31,384,356
d) Case pending in Labour Court	159,200	159,200
e) Provident Fund dues under Appeal	—	105,783
f) Sales tax claim under Appeal (For above management expects no liability)	1,666,677	121,486,251
3 Significant Accounting Policies adopted by the Company:		
a) Historical Conventions and Revenue Recognition:-		
i) Financial Statements are drawn using the historical cost convention and adopting accrual basis save & except claims realisation on A/c of samples which are accounted for on settlement/receipt basis in view of uncertainty of realisations.		
ii) Export Sales have been booked on FOB basis on the date of shipment.		
iii) Sale of import/export entitlements received by way of SIL/QUOTA Licences has been booked as on the date of sale thereof, however Duty Draw Back and DEPB entitlement are accounted for on accrual basis on eligible amount of exports made and entitlement of target plus scheme has been accounted on utilisation basis as per the scheme. Focus product credit is booked as on the basis of licences received.		
b) Fixed Assets and capital expenditure :		
a) Fixed Assets are stated at cost which includes installation & other expenditures. Such expenditure comprises purchase price, import duties, levies and any directly attributable cost of bringing the assets to their working conditions.		
b) Capitalisation Of Construction Period expenses: Direct Expenses as well as clearly identifiable indirect expenses incurred during construction period have been capitalised directly with respective assets. Financing cost and other allocable expenses during the construction period of the project have been capitalised proportionately.		
c) Depreciation:- Depreciation for the year has been provided on written down value method at the rate prescribed in Schedule XIV of the Companies Act, 1956 save and except for unit J.J. Spectrum Silk where depreciation has been provided on Straight line method at the rates prescribed in schedule XIV of the Companies Act, 1956. Leasehold land is being depreciated over the period of Lease, wherever applicable. Increase/Decrease in value of assets arising out of Exchange rates fluctuation is charged over the remaining useful life of the assets upto the year 31st March, 2007 and later on it has been charged to the Profit and Loss A/c in accordance with the Accounting Standard 11, notified in Companies (Accounting Standard) Rules, 2006.		
d) Valuation of Inventory:-		
i) Stock of finished /semi finished goods has been valued at weighted average cost representing costs which has been incurred in bringing the inventory to their present conditions or net realisable value whichever is lower except for damaged and rejected goods which has been valued at estimated realisable value as per continuous practice followed by the Company.		
ii) Raw Materials & Stores have been valued at weighted average cost or net realisable value whichever is lower.		

SCHEDULE-"P" (Contd.)**e) Investments:-**

Long Term Investments are stated at cost. Provision are being made for diminution in value other than temporary in nature. Short Term investments category wise are valued at cost or market price category wise whichever is lower.

f) Foreign Currency Transactions:-

- i) All foreign currency income and expenses are generally recorded at the exchange rate prevailing on the date of transactions/negotiations with the company's banker save & except where forward contract has been booked which is being recorded at relevant rate. Premium on forward contract are being accounted for during the life of contract.
- ii) Current Assets and Liabilities in Foreign Currencies have been converted at exchange rates prevailing at the year end except in case where forward contract has been booked by the company against these assets/liabilities wherein the same has been converted at contracted rates.
- iii) Foreign Currency retained out of export proceeds in Exchange Earners Foreign Currency Account with banker has been converted at bank advice rate applied for the relevant export bills except in case of collection bills wherein the same has been converted at spot rate prevailing on the date of realisation of the bills.
- iv) Commission to foreign agents is converted at exchange rates prevailing at the time of accounting such liability in company's books.
- v) The company has approved policy of hedging. Accordingly derivatives contracts are entered into to hedge highly probable sales transactions or firm commitments. As per accounting policies adopted by the company the gain or loss on settlement of the hedge contract is adjusted in sale/purchase as the case may be in the period in which transaction is accounted for.

g) Employee benefits:-

- i) Short-term employee benefits including Leave Encashment are recognised as an expense at the undiscounted amount in the Profit and Loss A/c of the year in which the related service is rendered.
- ii) Post Employment benefits and other long term employee benefits.

Defined Contribution Plans:

Company's contribution to Provident Fund and Employee State Insurance Fund are determined under the relevant Schemes and/or statute and charged to profit & loss account.

Defined Benefit Plans:

Company's liability towards Gratuity is actuarially determined at each Balance Sheet date using the Projected Unit Credit Method. Actuarial gains and losses are recognised in profit & loss account. The contribution towards Gratuity is funded with LIC.

h) Taxation:-

Income Tax expense comprises current tax and deferred tax charge or credit. Deferred tax asset or liability is recognised using substantively enacted tax rates. Deferred Tax Assets/Liabilities are reviewed as at each Balance Sheet date based on developments during the year and to reassess realisation/liabilities.

i) Impairment of Assets :

Impairment of Assets are assessed at balance Sheet date and if any indicators of impairment exist, the same is assessed and provided for .

j) Provisions for Contingent Liabilities & Contingent Assets :

Provisions are recognised in respect of present obligations arising out of past events where there are reliable estimate of probable outflows of resources. Contingent liabilities are the possible obligation of the past events , the existence of which will be confirmed only by the occurrence or non-occurrence of a future event. These are not provided for and are disclosed by way of Notes to the Accounts. Contingent Assets are not provided for or disclosed.

k) Government Grants :

State capital Investment Subsidy has been Credited to capital reserve account on receipt basis, in accordance with Accounting Standard 12.

SCHEDULE-"P" (Contd.)
L) Borrowing Costs :

Borrowing Costs that are directly attributable to the acquisition, construction or production of a qualifying assets are capitalised as part of cost until the asset is ready for its intended use. A qualifying asset is an asset that necessarily require a substantial period of time to get ready for its intended use. After that the borrowing costs are recognised as an expense in the period in which they are incurred.

- 4 Realisation on account of samples from foreign buyers have been credited to sample expenses account.
- 5 The company has not received information from vendors regarding the status under the Micro, Small & Medium Enterprises Development Act, 2006 and hence no disclosures thereof are made in this account.
- 6 In respect of the equity shares of Erstwhile J.J. Spectrum Silks Ltd. held by the Company, the shares which has been issued by the transferee company in terms of scheme, 1,303,675 Equity Shares has been allotted to the Board of Trustees to have and to hold such shares in Trust exclusively for the benefit of the Transferee Company and deal with the same as they think deems fit.
- 7 In the opinion of Board of Directors, all the Current Assets, Loan and Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated and that all the known liabilities relating to the year have been provided for.
- 8 Working capital facilities with Indian Overseas Bank, Citi Bank NA and The Federal Bank Ltd are secured by first charge on Current Assets of the Company on pari passu basis.

As collateral security, Indian Overseas Bank has a second pari passu charge on the Plant & Machinery of the company's Dyeing Unit at Rajajinagar, Bangalore, land and building at Rajajinagar and Fixed Assets of J. J. Spectrum Silk.

As collateral security, The Federal Bank Ltd has a second pari passu charge on Plant & Machinery at Company's dyeing unit at Rajajinagar, Bangalore and Company's Land & Building at Rajajinagar, Bangalore.

(a) Rupee Term Loan with Industrial Development Bank of India Ltd has been secured as follows:

Purpose	Description of property
Retail showroom	(i) Plant and machinery of Kolkata EOU on first Charge. (ii) Entire movable and immovable property(excluding current assets) of retail showroom on first charge basis. (iii) Stock of Raw Material, WIP and Finished goods of all units on second charge
Dodaballabpur	(i) First charge on Land and Building at Dodaballabpur. (ii) First charge on Plant and Machinery of Dyeing Unit at Rajaji Nagar (iii) First charge on movable and immovable assets (except Stock) of J.J.Spectrum (iv) First charge on movable and immovable assets (excluding stock) of EOU at Kolkata (v) Second charge on current assets of Dyeing unit.
Kolkata EOU	(i) Whole of movable properties (other than Stock) of the company situated at Gangarampur, EOU-I , EOU -II and Dyeing unit at Bangalore on first charge. (ii) Land measuring 40,000 sq. feet together with building thereon. Plant and machinery on first charge. (iii) Land measuring 2454.24 sq. yard along with factory building measuring 17920 sq. ft. situated at Rajajinagar on first charge. (iv) Personal guarantee of a Director.

SCHEDULE-"P" (Contd.)

(b) Rupee Term Loan from a company has been secured as follows:

Purpose	Description of property
Working Capital Margin	Rupee term loan from a company is secured by 1st charge on office premises at KCI Plaza at 23C, Ashutosh Chowdhury Avenue, Kolkata - 700 019 and at 1/2C, Baburam Ghosh Road, Kolkata - 700 040

9 As the company's business activities fall mainly within a single primary business segment viz. Dealing in fabrics and accessories, so disclosure requirement of accounting standard 17 "Segment Reporting", notified in Companies (Accounting Standard) Rules, 2006 has not been given.

10 Disclosures regarding Derivative Instruments

The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The use of these foreign contracts reduces the risk or cost to the Company and the Company does not use the foreign exchange contracts for trading or speculation purposes.

Forward exchange contracts outstanding as at the year end:

Currency Pair	Currency	31.03.2011		31.03.2010	
		Buy	Sell	Buy	Sell
USD/INR	INR	—	\$2,000,000	—	—
EURO/USD	\$	\$442,140	€ 300,000	—	—

11 Related Party Disclosure in accordance with Accounting Standard 18 notified in the Companies (Accounting Standard) Rules, 2006

		Relationship
a) Where common control exist.		
i)	Spin International Inc.	Wholly Owned Subsidiary Company
ii)	Tanushree Silks Ltd. (since struck off U/s 560 as per Companies Act)	Wholly Owned Subsidiary Company
iii)	OOO JJ Home	Wholly Owned Subsidiary Company
iv)	JJ Creation S.A.	Subsidiary Company
b) Key Managerial Personnel.		
i)	Sri S.N.Jhunjunwala	Executive Director & Executive-Chairman
ii)	Sri Rajiv Jhunjunwala	Executive Director & Vice-Chairman
iii)	Mrs. Laxmi Jhunjunwala	Director
iv)	Shri Arun Kr Shraff	Whole Time Director
c) Relative of key managerial personnel		
i)	Mrs. Neha Jalan, Designing Consultant	Daughter of Mr. Rajiv Jhunjunwala, Vice-Chairman
ii)	Mrs. Kavita Jhunjunwala	Wife of Mr. Rajiv Jhunjunwala, Vice-Chairman

SCHEDULE-"P" (Contd.)

Nature of Transaction:-	Related Parties referred under (a) above		Related Parties referred under (b) & (c) above	
	31.03.2011 (Amt. in ₹)	31.03.2010 (Amt. in ₹)	31.03.2011 (Amt. in ₹)	31.03.2010 (Amt. in ₹)
i) Sale of Goods	167,789,232	155,515,999	—	—
ii) Job charges paid	—	68,808	—	—
iii) Remuneration paid	—	—	5,328,946*	4,973,220
iv) Outstanding Receivable	31,374,088	29,615,376	—	—
v) Outstanding Payable	—	6,187	—	—
vi) Loan Refund received	731,115	450,000	—	—
vii) Loan Granted	228,860	5,357,810	—	—
viii) Loans outstanding	10,426,270	12,377,710	—	—
ix) Sample Development & Designing Charges Received	3,167,387	1,885,117	—	—
x) Sample Development & Designing Charges Paid	—	22,865	—	—
xi) Loan Written Off (Adjusted against sundry balance w/back (Net) in Schedule 'J').	1,449,185	—	—	—

Note: a) Related Party relationship as identified by the company and relied upon by auditor.

b) * Out of which ₹ 678,000/- paid to related party "b i)" for which approval is still awaited u/s 314 of Companies Act, 1956 from appropriate authority.

12 Earning per share :-

	31.03.2011	31.03.2010
i) Net profit after tax before Extra Ordinary Item	(51,863,200)	(666,473)
ii) Extra Ordinary Item	35,772,526	—
iii) Net profit after tax available for equity shareholders	(87,635,726)	(666,473)
iv) Weighted average Number of Equity Shares of ₹ 10/- each outstanding during the year.	9,262,250	9,262,250
v) Basic/diluted earning per share (Before Extra Ordinary Item)	(5.60)	(0.07)
vi) Basic/diluted earning per share (After Extra Ordinary Item)	(9.46)	(0.07)

13 As a matter of prudence no deferred tax assets after adjusting MAT liability has been recognised in the account in accordance with "accounting standard 22", as prescribed by Companies Act, 1956

14 Loans & Advances in the nature of loans to subsidiaries (Interest Free)

	Amount Outstanding		Maximum balance during the year	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
i) Tanushree Silks Ltd.	—	1,580,000	1,580,000	2,030,000
ii) OOO J J Home	10,426,270	10,197,410	10,426,270	11,044,350
iii) J J Creations S.A	—	600,300	600,300	669,900

SCHEDULE-"P" (Contd.)

15 Profit and Loss on sale of Investment excludes ₹ 1,845/- (₹ 12,019/-) on account of security transaction tax paid on such transactions.

16 Quantitative information in respect of Production, Purchases, Sales and Stocks:

Class of Goods	Unit	Licensed Capacity	Installed Capacity	Actual* Production Qty.	Opening Stock		Purchases		Sales		Closing Stock	
					Qty.	Value. (₹ '000)	Qty.	Value. (₹ '000)	Qty.	Value (₹ '000)	Qty.	Value (₹ '000)
Silk Fabrics	1000 Mtrs. (1000 Mts.)	N.A. (N.A.)	N.A. (N.A.)	871 (892)	246 (355)	78,823 (92,930)	8 (25)	3,260 (7,553)	905 (1,026)	549,264 (517,515)	220 (246)	70,347 (78,823)
Cotton/Woolen Fabrics	1000 Mtrs. (1000 Mts.)	N.A. (N.A.)	N.A. (N.A.)	17 (8)	15 (18)	3,202 (3,355)	4 (4)	931 (172)	20 (15)	5,270 (2,548)	16 (15)	4,163 (3,202)
Garments & Madeups	1000 Nos. (1000 Nos.)	N.A. (N.A.)	N.A. (N.A.)	203 (111)	15 (45)	1,954 (20,694)	3 (4)	1,336 (394)	195 (145)	70,537 (36,484)	26 (15)	3,521 (1,954)
Miscellaneous Handicraft Items (Showroom)		N.A. (N.A.)	N.A. (N.A.)	— —	— —	5,580 (3,934)	— —	3,411 (1,882)	— —	10,758 (8,859)	— —	8,205 (5,580)
Yarn Trading	1000 Mtrs. (1000 Mts.)	— (N.A.)	— (N.A.)	— —	— —	— —	— —	— —	— —	— —	— —	— —
Total						89,559 (120,913)		8,938 (10,001)		635,829 (565,406)		86,236 (89,559)

* Does not include cotton fabrics, garments issued as samples.

17 Consumption of Raw Materials:

Class of Goods	Units	Quantity		Value / ₹ In '000	
		31st March		31st March	
		2011	2010	2011	2010
Fabrics	1000 Mtrs.	391	244	64,157	34,898
Yarn	1000 Kgs.	115	133	249,210	183,229
Other Materials				10,427	11,903
Total				323,794	230,030

18 Imports & consumption : (In ₹)

	Capital Goods		Stores		Raw Materials	
	31st March		31st March		31st March	
	2011	2010	2011	2010	2011	2010
a) Imports (C.I.F. Value)	1,442,867	Nil	4,443,396	3,459,066	282,612,740	214,884,178
b) Consumption						
i) Imported	Nil	Nil	4,107,649	3,195,378	251,313,691	189,208,207
Percentage of Total			31.48%	31.45%	77.62%	82.25%
ii) Indigenous	Nil	Nil	8,940,872	6,963,592	72,480,988	40,822,176
Percentage of Total			68.52%	68.55%	22.38%	17.75%

SCHEDULE-"P" (Contd.)
19 Foreign Currency Income & Expenditure :

	31.03.2011	31.03.2010
	₹	₹
Income :		
i) Export of Goods (F.O.B. Basis) (Net after adjustment of Sales returns)	619,711,529	532,521,821
ii) Sample & Development Cost Received (Net)	6,662,650	5,199,420
iii) Sundry balances written back (Net)	1,091,937	3,982,998
iv) Rebates & Claims	123,865	—
Expenditure :		
i) Commission	23,358,011	21,273,285
ii) Travelling	7,117,316	6,161,045
iii) Foreign Trade Fair	2,501,391	780,951
iv) Subscription	105,653	130,958
v) Others	272,178	233,980
vi) Rebates & discounts	1,261,667	3,951,161
vii) Pre-paid Expenses	684,576	120,559
viii) Interest paid in Indian Rupees on Foreign Currency Loans	7,079,177	9,334,261
ix) Turnover Bonus	—	10,623
x) Advertisement Foreign	31,383	33,280
xi) Market Survey Expenses	66,019	1,105,313

20 Comparative figures for the Previous Year have been regrouped/recasted wherever necessary and the same have been indicated in brackets.

21 Wholtime Director's Remuneration :

	31.03.2011	31.03.2010
	₹	₹
a) Salaries & Bonus	3,958,940	3,874,040
b) Contribution to P.F. and other Funds	466,788	456,600
c) Other Perquisites	111,218	102,580
	4,536,946	4,433,220

22 Land Measuring about 2.07 acre duly conveyed in the name of one of the unit of the company by the State Government has been disputed by the original owner and the matter is subjudice.

23 In Respect of 100% Export Oriented Units and as per the prevailing laws and guidelines, it is exempted from Customs and central Excise Duties and levies. The Company has executed legal undertaking to pay the customs and Central Excise Duties and liquidated Damages, if any, in respect of capital goods, raw material, stores etc. procured duty free in the event of non-fulfillment of terms and conditions.

24 Interest includes ₹ 31,273,828/- (₹ 27,279,071/-) on term loans.

SCHEDULE-"P" (Contd.)

- 25 Loans and Advances include ₹ 47/- (₹ 10,898/-) balance lying with central excise department
- 26 There is no amount to be credited to Investors Education & Protection Fund as on 31st March, 2011.
- 27 Interest on term loan is net of ₹ 6,296,955/- (₹ 6,424,773/-) of TUFs subsidy.
- 28 Claims against certain Derivative transactions entered with the Banks during 2007-08 have not been acknowledged by the company. Claims of ₹ 14.03 crores (excluding Interest) against these transactions which have been contested and not provided as the management has been advised that such contracts are not legal and the matter is subjudice. Further Claims Receivable of ₹ 35,772,526/- accounted for by the company against these transactions have been provided for during the year as a matter of prudence and debited as extraordinary item in the Profit & Loss account.
- 29 Certain Long term Investments are strategic in nature and fall in value is temporary in nature hence it has not been provided in these accounts.
- 30 Exchange gain / (loss) amounting to ₹ 2,973,921/- (₹ NIL) in respect of Forward Exchange Contracts for unexpired period to be recognised in subsequent period in accordance with Accounting Standard 11.
- 31 The Disclosure required under Accounting Standard 15 "Employees Benefit" notified in the Companies (Accounting Standard) Rules 2006, are given below:

A DEFINED CONTRIBUTION PLANS

B DEFINED BENEFIT PLANS

GRATUITY PLAN

The employees gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on the actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

	Current year Total (₹)	Previous year Total (₹)
1) Reconciliation of opening and closing balances of defined benefit obligation		
Present value of obligation as at beginning of the year	16,867,187	16,664,802
Interest cost	1,465,238	1,333,184
Current service cost	2,530,166	2,055,234
Benefits Paid	(2,263,056)	(2,417,557)
Actuarial (Gain) / Loss on obligations	1,366,623	(768,476)
Present value of obligation as at end of the year	19,966,158	16,867,187
2) Reconciliation of opening and closing balances of Fair value of Plan Assets		
Fair value of Plan Assets at beginning of the year	18,639,033	16,352,690
Expected return on plan assets	1,572,919	1,497,751
Contribution	381,328	3,206,149
Benefits Paid	(2,263,056)	(2,417,557)
Actuarial Gain / (Loss) on Plan assets	29,087	—
Fair value of Plan Assets at end of the year	18,359,311	18,639,033

SCHEDULE-"P" (Contd.)

	Current year Total (₹)	Previous year Total (₹)
3) Reconciliation of Fair value of assets and obligations		
Actuarial Gain / (Loss) for the year- obligations	(1,366,623)	768,476
Actuarial (Gain) / Loss for the year-Plan assets	29,086.88	—
Total (Gain) / Loss for the year	(1,337,536)	(768,476)
Actuarial (Gain) / Loss recognised in the year	(1,337,536)	(768,476)
4) Amount recognised in Balance Sheet		
Present value of defined benefit obligation	19,966,158	16,867,187
Fair value of Plan Assets	18,359,311	18,639,033
Net assets recognised in Balance sheet	(1,606,847)	1,771,846
5) Expenses Recognised during the year in the profit and loss account.		
Current service cost	2,530,166	2,055,234
Interest cost	1,465,238	1,333,184
Expected return on plan assets	1,572,919	(1,497,751)
Net Actuarial (Gain) / Loss recognised in the year	(1,337,536)	(768,476)
Expenses recognised in the profit and loss account	4,230,788	1,122,191
6) Actuarial Assumptions		
Discount Rate (per annum)	8.00%	8.00%
Expected rate of return on plan assets (per annum)	8.00%	8.00%
Rate of Escalation in salary (per annum)	5.00%	6.00%

The estimation of rate escalation in salary considered in the actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in employment market. The above information as provided by the actuary.

SCHEDULE-"P" (Contd.)

32 Additional information as required under part IV to the Companies Act, 1956. Balance Sheet abstract and Company's general business profile.

I. Registration Details	Registration No.	28631	State Code	021
	Balance Sheet Date	31.03.2011		
II. Capital raised during the Year (Amount in ₹ thousand)				
Public Issue (Excluding Premium)	Nil	Right Issue	Nil	
Bonus Issue	Nil	Private Placement	Nil	
III. Position of Mobilisation and Development of Funds (Amount in ₹ thousand)				
Total Liabilities	1,105,802	Total Assets	1,105,802	
Sources of Funds :-				
Paid up Capital	92,623	Unsecured Loans	NIL	
Reserve & Surplus	409,617	Deferred Tax liability	NIL	
Secured Loans	603,562			
Application of Funds :-				
Net Fixed Assets	594,335	Investments	89,464	
Net Current Assets	422,003	Miscellaneous Expenditure	NIL	
Accumulated Loss:	NIL			
IV. Performance of the Company (Amount in ₹ thousands)				
Total Income	696,335	Total Expenditure	783,921	
Profit/(Loss) before Tax	(87,586)	Profit after tax	(87,636)	
Earning Per Share (in ₹)	(9.46)	Interim Dividend Rate	NIL	
		Final Dividend Rate	NIL	
V. Generic Names of Three Principal Products/Services of Company (As per Monetary term)				
Item Code No. (I.T.C. CODE)		50.07		
Product Description		Silk Fabrics		

Signature to all Schedules from 'A' to 'P'

For and on behalf of the Board

S. N. Jhunjunwala
Executive Chairman

Rajiv Jhunjunwala
Vice Chairman

As per our report of even date attached hereto

For **SALARPURIA JAJODIA & CO.**

ICAI Reg: No. 302111E
Chartered Accountants

Anand Prakash

Partner
(Membership No.56485)
Kolkata

Dated:14th June, 2011

Arvind Thakur
Chief Financial Officer

S. L. Agrawal
Co. Secretary

Laxmi Jhunjunwala
P. K. Singhi
P. K. Sarkar
M. L. Gulrajani
Arun Kr. Shraff
P. J. Sheth

Directors

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	(₹ in lacs)	
	31.03.11	31.03.10
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Extraordinary Items	(518.13)	(6.66)
Adjustments for :		
Depreciation	572.42	346.18
(Profit) / Loss on sale of Investments	0.06	14.49
Interest / Dividend received	(20.00)	(15.75)
Interest paid	398.84	215.56
(Profit) / Loss on sale of Fixed assets	(417.02)	(84.89)
Provision for fall in the value of Current Investments	(1.21)	(42.47)
Operating profit before Working Capital changes	14.96	426.45
Adjustments for :		
Trade & other receivables	231.88	83.79
Inventories	(319.63)	153.55
Trade Payables	233.61	(65.64)
Cash generated from operations	160.82	598.15
Direct taxes paid (Net)	(2.01)	(3.68)
Cash Flow before Extraordinary items	158.81	594.47
Extraordinary items (Refer Note no. 28 of Schedule "P")	(357.73)	—
NET CASH FROM OPERATING ACTIVITIES	A (198.92)	594.47
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (Including Capital work in progress and advance against purchase of fixed assets)	(145.57)	(1,304.98)
Sale of Fixed Assets	458.42	124.10
Loans Given(-) / Refund received(+)	19.51	(44.08)
Purchase of Investments (Including share application money)	—	(28.50)
Sale of Investments	14.70	101.07
Capital Subsidy	—	79.34
Interest / Dividend Received	20.00	15.75
NET CASH FLOW FROM INVESTING ACTIVITIES	B 367.06	(1,057.30)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

	(₹ in lacs)	
	31.03.11	31.03.10
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Bank Borrowings	352.68	465.30
Interest paid	(398.84)	(215.56)
Dividend Paid	(1.50)	(0.05)
Corporate Tax on Dividend Paid	—	—
NET CASH FLOW FROM FINANCING ACTIVITIES	C	249.69
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS	(A+B+C)	(213.15)
OPENING CASH & CASH EQUIVALENT	275.90	489.05
CLOSING CASH & CASH EQUIVALENTS	396.38	275.90
BALANCE INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS	120.48	(213.15)
CASH & CASH EQUIVALENTS		
Cash in Hand	9.31	5.69
Balance with Scheduled Banks		
In Current Account	29.82	104.02
In Fixed Deposit Account	323.60	144.01
In Unpaid Dividend Account	6.93	8.48
In Foreign Current Account	26.72	13.70
	396.38	275.90

- Notes:** i) Previous year's figures have been regrouped / recasted wherever necessary
 ii) The above cash flow has been prepared under "Indirect method" as prescribed under Accounting Standard 3 notified in Companies (Accounting Standards) Rules, 2006.

For and on behalf of the Board

S. N. Jhunjunwala
Executive Chairman

Rajiv Jhunjunwala
Vice Chairman

For **SALARPURIA JAJODIA & CO.**

ICAI Reg: No. 302111E
Chartered Accountants

Anand Prakash

Partner
(Membership No.56485)
Kolkata
Dated:14th June, 2011

Arvind Thakur
Chief Financial Officer

S. L. Agrawal
Co. Secretary

Laxmi Jhunjunwala
P. K. Singhi
P. K. Sarkar
M. L. Gulrajani
Arun Kr. Shraff
P. J. Sheth

Directors

INFORMATION IN AGGREGATE FOR SUBSIDIARIES PURSUANT GENERAL EXEMPTION PROVIDED BY MINISTER OF CORPORATE AFFAIRS VIDE GENERAL CIRCULAR NO.2/2011 DT.08/02/2011

Particulars	Tanushree Silks Ltd.*	Spin Intl. Inc.		OOO JJ Home		JJ Creations S.A.	
	(₹)	US\$	(₹)	Rouble	(₹)	Euro	(₹)
1 Capital	—	1,000	44,420	10,000	15,700	61,500	3,854,205
2 Reserves	—	830,119	36,873,886	(2,859,768)	(4,489,836)	13,290	832,903
3 Total Assets	—	1,117,420	49,635,796	12,871,699	20,208,567	117,411	7,358,166
4 Total Liabilities (Excluding Capital & Reserves)	—	286,301	12,717,490	15,721,467	24,682,703	42,621	2,671,077
5 Details of Investment (Except in case of Investment in Subsidiaries)	—	—	—	—	—	—	—
6 Turnover	—	4,484,607	200,731,009	13,337,827	20,673,632	170,291	10,445,667
7 Profit Before Taxation	(452,939)	141,446	6,283,031	(255,201)	(400,666)	12,896	808,210
8 Provision for Taxation							
(a) Income Tax (Net)	—	53,830	2,391,129	210,936	331,170	3,505	219,658
(b) Fringe benefit Tax	—	—	—	—	—	—	—
9 Profit After Taxation	(452,939)	87,616	3,891,903	(466,137)	(731,835)	9,391	588,553
10 Proposed Dividend	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Note : (1) Assets & Liabilities in Foreign Currencies have been converted to INR at the exchange rate Prevailing on 31st March, 2011 at US\$ = INR 44.42; EURO=INR 62.67; RBL\$=INR 1.57

(2) Income & Expenditure in Foreign Currencies have been converted to INR at the Average Exchange Rate for the Financial Year 2010-11 at US\$ = INR 44.76; EURO=INR 61.34; RBL\$=INR 1.55

* Strike off u/s.560 of the Companies Act, 1956, during this year.

For and on behalf of the Board

S. N. Jhunjunwala
Executive Chairman

Rajiv Jhunjunwala
Vice Chairman

For **SALARPURIA JAJODIA & CO.**

ICAI Reg: No. 302111E
Chartered Accountants
Anand Prakash
Partner
(Membership No.56485)
Kolkata
Dated: 14th June, 2011

Arvind Thakur
Chief Financial Officer

S. L. Agrawal
Co. Secretary

Laxmi Jhunjunwala
P. K. Singhi
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M. L. Gulrajani
Arun Kr. Shraff
P. J. Sheth

Directors

CONSOLIDATED AUDITORS' REPORT

To the Board of Directors of J. J. Exporters Ltd. on the Consolidated Financial Statements of J. J. Exporters Limited and its Subsidiaries

We have examined the attached Consolidated Balance Sheet of J. J. EXPORTERS LTD. and its subsidiaries as at 31st March, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date.

These Consolidated financial statements are the responsibility of the J.J. Exporters Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with and in an identified financial reporting frame work and are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statement of Indian Subsidiary whose financial statements reflects total assets of ₹ Nil as at 31st March, 2011 and total revenue of ₹ 11,512/- upto 22.03.2011 as the Company has been struck off u/s.560 of Companies Act, 1956 (Ref. Note No.26 of Schedule 'P'). These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries, is based solely on the reports of the other auditors.

We also did not audit the financial statements of foreign subsidiaries for year ended 31st March, 2011, whose financial statements reflects total assets ₹ 7,03,58,985/- 31st March, 2011 and total revenue of ₹ 26,10,44,394/- for the year ended 31st March, 2011. These financial statements have been compiled / certified by other auditors, whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of the subsidiary is based solely on the report of the other auditors and certified by management.

We report that the consolidated financial statements have been prepared by the company in accordance with requirements of Accounting Standard 21 - Consolidated Financial Statements, as notified in Company (Accounting Standard) Rules, 2006 and on the basis of the separate audited financial statements of J. J. Exporters Limited and its subsidiaries included in the Consolidated Financial Statements.

On the basis of information and explanation given to us, we draw further attention to Note No. 24 of Schedule "P" regarding accounting of certain derivative transactions in view of legal advice received, we are of opinion that :

- (a) The Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of J. J. Exporters Limited its subsidiaries as at 31st March, 2011.
- (b) The Consolidated Profit & Loss Account gives a true and fair view of the consolidated results of operation of J.J. Exporters Limited its subsidiaries for the year then ended.
- (c) The Consolidated Cash Flow Statement gives a true and fair view of the Consolidated Cash Flows of the J. J. Exporters Limited its subsidiaries for the year ended on that date.

For **SALARPURIA JAJODIA & CO.**
Chartered Accountants

Anand Prakash
Partner

Membership No.56485
ICAI Reg: No. 302111E

Place : Kolkata.
Dated: 14th day of June, 2011

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

PARTICULARS	Schedule	As at 31.03.2011		As at 31.03.2010	
		₹	₹	₹	₹
I SOURCES OF FUNDS					
1 SHAREHOLDERS' FUNDS :					
a) Share Capital	A	92,622,500		92,622,500	
b) Reserves & Surplus	B	<u>437,731,642</u>	530,354,142	<u>521,599,377</u>	614,221,877
2 MINORITY INTEREST			646,290		599,910
3 LOAN FUNDS					
Secured Loans	C		<u>603,561,638</u>		<u>568,293,810</u>
TOTAL SOURCES OF FUNDS			<u>1,134,562,070</u>		<u>1,183,115,597</u>
II APPLICATION OF FUNDS					
1 FIXED ASSETS					
Gross Block	D	1,379,247,675		1,368,379,080	
Less : Depreciation		<u>786,198,698</u>		<u>730,485,691</u>	
Net Block		593,048,977		637,893,389	
Capital Work-in-Progress		<u>1,789,790</u>	594,838,767	<u>3,937,938</u>	641,831,327
2 INVESTMENTS	E		87,905,980		89,260,346
3 CURRENT ASSETS, LOANS AND ADVANCES					
Current Assets					
(a) Inventories	F	310,136,839		279,987,376	
(b) Sundry Debtors		114,630,914		101,396,190	
(c) Cash & Bank Balances		43,206,160		36,966,459	
(d) Other Current Assets		11,473,109		7,463,176	
Loans and Advances	G	<u>121,876,358</u>		<u>162,800,041</u>	
		<u>601,323,380</u>		<u>588,613,242</u>	
Less:					
4 Current Liabilities and Provisions					
(a) Current Liabilities	H	87,851,980		75,673,462	
(b) Provisions		<u>61,654,077</u>		<u>60,915,856</u>	
		<u>149,506,057</u>		<u>136,589,318</u>	
Net Current Assets			451,817,323		452,023,924
TOTAL APPLICATION OF FUNDS			<u>1,134,562,070</u>		<u>1,183,115,597</u>

NOTES TO THE ACCOUNTS & SIGNIFICANT ACCOUNTING POLICIES P

As per our report of even date attached hereto

For **SALARPURIA JAJODIA & CO.**

ICAI Reg: No. 302111E
Chartered Accountants

Anand Prakash

Partner

(Membership No.56485)

Kolkata

Dated: 14th June, 2011

Arvind Thakur
Chief Financial Officer

S. L. Agrawal
Co. Secretary

For and on behalf of the Board

S. N. Jhunjunwala
Executive Chairman

Rajiv Jhunjunwala
Vice Chairman

Laxmi Jhunjunwala
P. K. Singhi
P. K. Sarkar
M. L. Guirajani
Arun Kr. Shraff
P. J. Sheth

Directors

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

PARTICULARS	Schedule	For the year ended 31.03.2011		For the year ended 31.03.2010	
		₹	₹	₹	₹
INCOME					
Sales	I	713,624,095		663,411,372	
Other Income	J	<u>46,530,773</u>	760,154,868	<u>26,908,798</u>	690,320,170
EXPENDITURE					
Raw Materials Consumed	K	323,809,880		230,030,183	
Finished Goods Purchases		25,278,433		35,650,907	
(Increase) / Decrease in Stock	L	(3,804,556)		43,764,683	
Manufacturing Expenses	M	77,889,575		69,143,766	
Personnel Expenses	N	144,706,841		118,954,073	
Administration & Selling Expenses	O	<u>138,471,565</u>		<u>129,349,028</u>	
			<u>706,351,738</u>		<u>626,892,640</u>
Operating Profit / (Loss)			53,803,130		63,427,530
Interest			<u>39,884,409</u>		<u>22,173,278</u>
Profit / (Loss) before depreciation			13,918,721		41,254,252
Depreciation			57,400,219		34,905,666
Prior Period Items			1,737,070		316,000
Profit / (Loss) after depreciation			<u>(45,218,568)</u>		<u>6,032,586</u>
Extraordinary Item (Refer note no. 24 of Schedule P)			35,772,526		—
Provision for Taxation		<u>2,991,956</u>		<u>1,961,624</u>	
(Including ₹ 20,271/- for earlier years)			2,991,956		1,961,624
Profit / (Loss) after Tax			(83,983,050)		4,070,962
Less: Minority Interest (Net of Tax)			<u>21,749</u>		<u>271,168</u>
Profit / (Loss) after Tax & Minority Interest			(84,004,799)		3,799,794
Less Goodwill on consolidation written off			—		111,249
			(84,004,799)		3,688,545
Add : Brought forward Profit		<u>119,481,400</u>		<u>115,792,855</u>	
			<u>119,481,400</u>		<u>115,792,855</u>
Profit available for Appropriation			<u>35,476,601</u>		<u>119,481,400</u>
Balance carried to Balance Sheet			<u>35,476,601</u>		<u>119,481,400</u>
Basic / Diluted Earning Per Share before Extra-Ordinary Item			(5.21)		0.40
Basic / Diluted Earning Per Share after Extra-Ordinary Item			(9.07)		0.40
As per our report of even date attached hereto					

NOTES TO THE ACCOUNTS & SIGNIFICANT ACCOUNTING POLICIES P

For and on behalf of the Board

S. N. Jhunjunwala
Executive Chairman

Rajiv Jhunjunwala
Vice Chairman

As per our report of even date attached hereto

For **SALARPURIA JAJODIA & CO.**

ICAI Reg: No. 302111E
Chartered Accountants

Anand Prakash

Partner

(Membership No.56485)

Kolkata

Dated: 14th June, 2011

Arvind Thakur
Chief Financial Officer

S. L. Agrawal
Co. Secretary

Laxmi Jhunjunwala
P. K. Singhi
P. K. Sarkar
M. L. Gulrajani
Arun Kr. Shraff
P. J. Sheth

Directors

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE "A" SHARE CAPITAL	As at 31.03.2011 ₹	As at 31.03.2010 ₹
Authorised		
10,000,000 (10,000,000) Equity Shares of ₹ 10/- each	100,000,000	100,000,000
ISSUED, SUBSCRIBED & PAID UP :		
1,257,500 (1,257,500) Equity Shares of ₹ 10/- each fully paid-up in Cash.	12,575,000	12,575,000
42,500 (42,500) Equity Shares of ₹ 10/- each allotted as fully paid-up, pursuant to contract without payment being received in cash.	425,000	425,000
5,876,000 (5,876,000) Equity Shares of ₹ 10/- each allotted as fully Paid - up Bonus Shares by way of Capitalisation of Reserves.	58,760,000	58,760,000
2,086,250 (2,086,250) Equity Shares of ₹ 10/- each allotted as fully Paid pursuant to scheme of amalgamation	20,862,500	20,862,500
	92,622,500	92,622,500

SCHEDULE "B" RESERVE AND SURPLUS	As at 31.03.2011 ₹	As at 31.03.2010 ₹
Share Premium Account		
As per last Balance Sheet	48,203,900	48,203,900
Capital Reserve		
As per Last Balance Sheet	1,580,077	1,580,077
Capital subsidy received from WBIDC	7,934,000	7,934,000
Foreign Currency Reserve on Consolidation	137,064	—
General Reserve :		
As per last Balance Sheet	344,400,000	344,400,000
Profit & Loss Account	35,476,601	119,481,400
	437,731,642	521,599,377

SCHEDULE "C" SECURED LOANS	As at 31.03.2011 ₹	As at 31.03.2010 ₹
Term Loan :		
In Indian Rupee :		
From Bank	323,900,000	325,400,000
From a Company	10,000,000	—
Working Capital Load from Banks		
In Foreign Currencies	265,833,241	226,623,424
In Indian Rupees	3,828,397	16,270,386
(For security clause refer note no. 5 of Schedule "P")		
	603,561,638	568,293,810

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE "D" FIXED ASSETS

Particulars	GROSS BLOCK					DEPRECIATION				NET BLOCK	
	As on 01.4.2010 ₹	Additions during the year ₹	Sales during the year ₹	Total as on 31.3.2011 ₹	Upto 31.3.2010 ₹	During the year ₹	Less Adjustment on sales ₹	Total as on 31.3.2011 ₹	As on 31.3.2011 ₹	As on 31.3.2010 ₹	
Free-hold Land	31,162,926	—	3,306,556	27,856,370	—	—	—	—	27,856,370	31,162,926	
Leasehold Land	3,732,737	—	—	3,732,737	173,676	12,213	—	185,889	3,546,848	3,559,061	
Buildings & Structures	422,464,213	6,002,861	1,014,511	427,452,583	81,838,867	26,833,683	539,160	108,133,390	319,319,173	340,625,346	
Leasehold Shed	539,732	—	—	539,732	539,732	—	—	539,732	—	—	
Plant & Machineries	774,994,629	4,369,547	260,682	779,103,494	585,025,714	16,614,137	424,648	601,215,203	177,888,291	189,968,915	
Office Equipments	5,798,665	615,158	29,924	6,380,899	3,273,521	404,424	9,504	3,668,442	2,715,457	2,525,144	
Electronic Data Processing Machines	35,883,195	1,580,612	—	37,463,807	25,938,080	4,073,926	—	30,012,006	7,451,801	9,945,115	
Electrical Installations	40,215,930	—	150,315	40,065,615	7,534,840	4,154,500	128,611	11,560,729	28,504,886	32,661,090	
Air-Conditioners	3,944,724	110,200	—	4,054,924	1,046,222	396,325	—	1,442,547	2,612,377	2,898,502	
Fire Fighting Equipments	671,855	—	—	671,855	310,232	35,579	—	345,811	326,044	361,623	
Furniture & Fittings	36,359,864	2,317,587	—	38,677,451	17,614,562	3,513,187	—	21,127,749	17,549,702	18,745,302	
Motor Cars	11,289,994	1,484,287	851,590	11,922,690	6,262,915	1,292,057	490,653	7,064,319	4,858,371	5,027,079	
Motor Van	506,759	225,544	223,622	508,681	303,819	38,336	94,637	247,518	261,163	202,940	
Scooter & Cycles	433,702	—	—	433,702	364,268	14,109	—	378,377	55,325	69,434	
Weighing Scales	380,155	—	—	380,155	259,243	17,743	—	276,986	103,169	120,912	
Total	1,368,379,080	16,705,796	5,837,200	1,379,247,675	730,485,691	57,400,219	1,687,212	786,198,698	593,048,977	637,893,389	
Previous year's total	(1,140,166,043)	(237,329,716)	(9,116,679)	(1,368,379,080)	(700,679,250)	(34,905,666)	(5,099,225)	(730,485,691)	(637,893,389)		
Capital Work-in-Progress :									1,789,790	3,937,938	
Total				594,838,767					641,831,327		

* Includes ₹ 366,381/- for Leasehold Land, Which is being depreciated over the period of lease and depreciation includes ₹ NIL (₹ 1,47,491/-) for impairment of a subsidiary

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE "E" INVESTMENT : (At cost)

Particulars	Face Value ₹	As at 01.04.10		Additions (Cost)		Deductions (Cost)		As at 31.03.11	
		No. of Shares	Value ₹	No. of Shares	Value ₹	No. of Shares	Value ₹	No. of Shares	Value ₹
A) Long - Term									
i) Unquoted									
Ballygunge Services Pvt. Ltd.	10	1,000	10,000					1,000	10,000
ii) Equity Shares (quoted)									
J. J. Exporters Ltd. (Held by J. J. Exporters Beneficiary Trust)	10	1,303,675	81,100,278					1,303,675	81,100,278
ABG Infralogistics Limited	10	8,630	4,223,506			130	23,790	8,500	4,199,714
ABG Shipyard Limited	10	5,000	2,832,921			1,000	566,580	4,000	2,266,341
(A)			88,166,705				590,370		87,576,333
B) Short Term :									
i) Investment in Govt. Securities (non - trade)									
Unquoted									
National Savings Certificates			12,350				250		12,100
Indira Vikas Patra			200				200		—
ii) Other Securities (non - trade)									
Reliance Broadcast Network Ltd.	5	1,000	562,279					1,000	562,279
Usha Martin Ltd.	1	2,465	172,065			2,465	172,065	—	—
R. S. Software (India) Ltd.	10	8,000	388,697	1,400		3,000	145,101	6,400	243,597
Reliance Power Ltd.	10	1,100	163,626			1,100	163,626	—	—
Mount Everest Mineral Water Ltd.	10	5,500	404,134			5,500	404,134	—	—
(B)			1,703,351				885,376		817,976
Total : (A + B)			89,870,056				1,475,746		88,394,309
Less : Provision for fall in value of short term investment			(609,710)						(488,329)
			89,260,346						87,905,980

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

	As at 31.03.2011		As at 31.03.2010	
	Cost ₹	Market value ₹	Cost ₹	Market value ₹
Aggregate Value of Quoted Investment	88,372,209	22,440,143	89,847,506	35,065,370
Aggregate Value of Un-quoted Investment	22,100	NA	22,550	NA

Equity Share Purchased and Sold during the year :

Particulars	Face Value	As at 31.03.2011		As at 31.03.2010	
		No. of Share	Cost	No. of Share	Cost
N T P C	10	—	—	1,000	227,757
R. S. Software	10	—	—	12,873	530,972
Reliance Media Works	5	—	—	1,000	289,935
Birla Corporation	10	—	—	500	159,901

SCHEDULE "F" CURRENT ASSETS

	As at 31.03.2011		As at 31.03.2010	
	₹	₹	₹	₹
Inventories (As taken & certified by the Management)				
Raw Materials	105,670,748		81,735,444	
Finished Goods	114,478,968		119,600,115	
Semi Finished Goods	72,986,322		64,060,619	
Packing Materials	254,441		312,760	
Stores	16,746,360	310,136,839	14,278,438	279,987,376
Sundry Debtors [Unsecured, considered Good]				
Debt Outstanding for a period exceeding six months	6,798,736		2,049,674	
Other debts	107,832,178	114,630,914	99,346,516	101,396,190
Cash and Bank Balances				
Cash in Hand [including Foreign Exchange in hand ₹ 39,292/- (₹ 1,49,897/-) & Cheque in hand ₹ Nil (₹ 1,478/-)]	4,499,010		9,671,814	
Balance with Scheduled Banks				
– In Current Account	2,982,200		10,675,964	
– In Fixed Deposit Account [under lien ₹ 4,321,598/- (₹ 11,151,073/-)]	32,359,948		14,401,073	
– In Unpaid Dividend Account	693,191		847,540	
– In Foreign Currency Account	2,671,811	43,206,160	1,369,948	36,966,459
Other Assets				
Interest Accrued	2,455,352		1,712,827	
Duty Draw-Back Receivable	1,922,478		336,348	
Focus Product Licence in hand	1,682,032		—	
TUFS Subsidy Receivable	4,952,521		4,938,331	
DEPB Entitlements Receivable	460,726	11,473,109	475,670	7,463,176
		479,447,022		425,813,201

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE "G" LOANS & ADVANCES

	As at 31.03.2011		As at 31.03.2010	
	₹	₹	₹	₹
Loans (Unsecured, Considered Good)				
To Others		1,000,000		1,000,000
Advances (Considered Good)				
[Recoverable in Cash or in kind or for value to be received]				
[Excluding ₹ 475,387/- (₹ 571,482) considered doubtful and fully provided]	28,854,461		27,671,322	
Advances against Capital Goods	6,657,584		12,749,399	
Security Deposits	5,268,485		3,892,033	
Prepaid Expenses	4,233,581		5,244,969	
Advance Fringe Benefit Tax	2,634,710		2,649,660	
Advance Income-Tax / Wealth-Tax	69,673,612		70,266,207	
Claim Receivable (Refer Note no 28 of Schedule P)	35,772,526		35,772,526	
Less : Provided for	35,772,526	—		
Income Tax Refund Receivable	3,553,925	120,876,358	3,553,925	161,800,041
		121,876,358		162,800,041

SCHEDULE "H" CURRENT LIABILITIES & PROVISIONS

	As at 31.03.2011		As at 31.03.2010	
	₹	₹	₹	₹
A) CURRENT LIABILITIES:				
Sundry Creditors:-				
– Micro, Small and Medium Enterprise	—		—	
– Others	59,549,532		66,240,412	
– Other Liabilities	4,748,259		5,293,774	
– Advance from Customers	22,872,469		3,307,169	
Unclaimed Dividend*	681,720	87,851,980	832,107	75,673,462
B) PROVISIONS :				
Proposed Dividend (Final)	—		—	
Corporate Dividend Tax	—		—	
For Taxation	61,654,077		60,915,856	
For Gratuity	—	61,654,077	—	60,915,856
		149,506,057		136,589,318

*There is no amount due and outstanding as at Balance Sheet date to be credited to Investor's Education and Protection Fund.

SCHEDULES TO THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE "I" SALES	For the year ended 31.03.2011		For the year ended 31.03.2010	
	₹	₹	₹	₹
Sales – Net of Returns		701,378,118		635,964,596
Export Incentives :				
Duty Exemption Pass-Book Entitlements		423,492		371,538
Duty Draw-Back		6,977,878		4,185,137
Focus Product incentive scheme		3,255,771		—
Target Plus Licence Utilized		—		3,449,391
Foreign Exchange Rate Fluctuation Gain (Net)		1,588,836		19,440,710
		713,624,095		663,411,372

SCHEDULE "J" OTHER INCOME	For the year ended 31.03.2011		For the year ended 31.03.2010	
	₹	₹	₹	₹
Dividend on Long-term investments		96,500		65,000
Dividend on Short-term investments		2,124		35,064
Interest Gross [TDS ₹ 180,432/- (₹ 155,588/-)]		1,912,787		1,479,072
Provision for fall in value of investment written back		121,381		6,047,479
Rent Received [TDS ₹ Nil (TDS ₹ 32,553/-)]		—		177,242
Profit on sale of Fixed Assets		41,701,686		8,488,758
Miscellaneous Receipts & Adjustments (Net)		2,696,295		10,616,183
		46,530,773		26,908,798

SCHEDULE "K" RAW MATERIALS CONSUMED	For the year ended 31.03.2011		For the year ended 31.03.2010	
	₹	₹	₹	₹
Raw Material				
Opening Stock	81,735,444		55,001,870	
Add : purchases	350,428,268		262,159,581	
Add : Custom Duty on Imports		432,163,712		317,161,451
Less : Sales of Process Rejects	2,683,084		5,411,024	
Less : Closing Stock	105,670,748	108,353,832	81,720,244	87,131,268
Raw Material consumed		323,809,880		230,030,183

SCHEDULES TO THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE "L" (INCREASE)/DECREASE IN STOCKS

	For the year ended 31.03.2011		For the year ended 31.03.2010	
	₹	₹	₹	₹
Closing Stock				
Work-in-Progress & semi processed yarn	72,986,322		64,060,619	
Finished Goods	<u>114,478,968</u>	187,465,290	<u>119,600,115</u>	183,660,734
Opening Stock				
Work-in-Progress & semi processed yarn	64,060,619		75,738,510	
Finished Goods	<u>119,600,115</u>		<u>151,686,907</u>	
		<u>183,660,734</u>		<u>227,425,417</u>
[INCREASE] / DECREASE IN STOCKS		<u>(3,804,556)</u>		<u>43,764,683</u>

SCHEDULE "M" MANUFACTURING EXPENSES

	For the year ended 31.03.2011		For the year ended 31.03.2010	
	₹	₹	₹	₹
Stitching, Embroidery & Designing Charges		15,062,190		13,605,760
Weaving, Dyeing, Printing & Processing Expenses		6,711,460		7,831,835
Stores Consumed		13,037,917		10,158,970
Power & Fuel		40,935,616		35,704,707
Carriage Inward		2,142,392		1,842,494
		<u>77,889,575</u>		<u>69,143,766</u>

SCHEDULE "N" PERSONNEL EXPENSES

	For the year ended 31.03.2011		For the year ended 31.03.2010	
	₹	₹	₹	₹
Salary		64,232,204		59,090,474
Wages		34,212,091		25,955,755
Allowances		16,299,040		12,233,603
Bonus & Exgratia		7,666,438		6,930,913
Staff Welfare		4,579,493		4,061,430
Gratuity		4,063,807		498,510
Contribution to Provident Fund and Other funds		11,850,897		9,845,747
Provision for Leave - Pay		1,802,871		337,641
		<u>144,706,841</u>		<u>118,954,073</u>

SCHEDULES TO THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE "O" OTHER EXPENSES

	For the year ended 31.03.2011		For the year ended 31.03.2010	
	₹	₹	₹	₹
Rent		4,605,336		5,539,493
Rates & Taxes		4,236,558		1,665,406
Printing & Stationery		2,769,505		2,764,721
Postage, Telegrams, Telephone & Telex		5,958,909		6,917,597
Professional Fees		11,565,464		7,039,138
Service charges		5,039,327		3,936,552
Vehicles Maintenance		1,917,732		1,695,474
Insurance Premium (Net)		1,236,342		1,398,045
Bank Charges		4,122,876		5,067,966
Director's Remuneration		4,536,946		4,433,220
Director's Meeting Fees		337,500		350,000
Auditor's Remuneration :				
As Audit fees	575,000		673,990	
For Tax Audit Fees	40,000		90,000	
For Taxation	93,001		378,006	
For Certification	69,000		212,681	
For Reimbursement of Travelling Expenses	97,595		116,748	
		874,596		1,471,425
Repairs & Maintenance :				
To Building	1,203,767		2,317,755	
To Machinery	4,616,255		5,150,224	
To Others	2,832,746		2,191,513	
		8,652,768		9,659,492
Loss on sale of investment		6,077		1,448,700
Sundry Expenses		12,975,583		12,738,116
Charity & Donations		48,655		53,910
Travelling Expenses :				
Foreign Travelling	11,074,633		9,564,961	
Inland Travelling	2,522,078		3,240,027	
		13,596,711		12,804,988
Conveyance		6,842,594		3,116,481
Trade Fair Expenses (Net)		2,599,630		1,013,226
Advertisement		1,212,798		775,557
Samples (Net)		8,875,622		7,463,502
Packing Expenses		2,455,479		2,236,094
Commission & Brokerage		27,899,176		23,164,955
Freight & Delivery Charges		1,907,081		4,345,803
Export Credit Guarantee Premium		2,648,888		1,618,735
Export Promotion Expenses		103,661		43,300
Export Expenses		348,887		1,444,312
Rebate & Discounts		1,615,200		4,726,842
Market Survey Expenses		508,053		415,978
Sundry Bal W/off		(1,026,389)		—
		138,471,565		129,349,028

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

SCHEDULE-"P" NOTES TO ACCOUNTS & SIGNIFICANT ACCOUNTING POLICIES

1 Subsidiaries

The Consolidated Financial statement present the consolidated account of J. J. EXPORTERS LIMITED with the following subsidiaries :-

Name of the subsidiaries	Country of Incorporation	Percentage of Holding
Tanushree Silks Limited *	India	100.00%
Spin international INC	U.S.A.	100.00%
OOO JJ Homes	Russia	100.00%
JJ Creations S.A	Belgium	85.00%

* The Company has been Struck off u/s 560 of the Companies Act,1956.

- 2 Significant Accounting policies and notes to the consolidated Financial Statements are intended to show as means of informative disclosure and a guide to better understanding the consolidated position of the Company. Recognising this purpose, the Company has disclosed only such policies and notes from individual financial statements which fairly present the needed disclosure. Lack of homogeneity and other similar conditions made it desirable to exclude some of them which in the opinion of the Management could be better viewed when referred from Individual Financial Statements.

	31.03.2011	31.03.2010
	₹	₹
3 Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for (Net of Advances)	NIL	NIL
4 Contingent Liabilities not provided for :		
a) Letters of Credit opened by Bank	NIL	1,457,808
b) Letters of Guarantee	7,070,200	8,210,190
c) Income Tax pending in appeals for earlier years (includes ₹ 138,351,661/- for which order was time barred and has no locus standi in law)	151,091,809	31,384,356
d) Case pending in Labour Court	159,200	159,200
e) Provident Fund dues under Appeal	—	105,783
f) Sales tax claim under Appeal	1,666,677	121,486,251
5 Working capital facilities with Indian Overseas Bank, Citi Bank NA and The Federal Bank Ltd are secured by first charge on Current Assets of the Company on pari passu basis.		
As collateral security, Indian Overseas Bank has a second pari passu charge on the Plant & Machinery of the company's Dyeing Unit at Rajajinagar, Bangalore, land and building at Rajajinagar and Fixed Assets of J. J. Spectrum Silk.		
As collateral security, The Federal Bank Ltd has a second pari passu charge on Plant & Machinery at Company's dyeing unit at Rajajinagar, Bangalore and Company's Land & Building at Rajajinagar, Bangalore.		

SCHEDULE-"P" (Contd.)

(a) Rupee Term Loan with Industrial Development Bank of India Ltd has been secured as follows:

Purpose	Description of property
Retail showroom	(i) Plant and machinery of Kolkata EOU on first charge. (ii) Entire movable and immovable property (excluding current assets) of retail showroom on first charge basis. (iii) Stock of Raw Material, WIP and Finished goods of all units on second charge
Dodaballabpur	(i) 1st charge on Land and Building at Dodaballabpur. (ii) 1st charge on Plant and Machinery of Dyeing Unit at Rajaji Nagar (iii) 1st charge on movable and immovable assets (except stock) of J.J. Spectrum (iv) 1st charge on movable and immovable assets (excluding stock) of EOU at Kolkata (v) Second charge on current assets of Dyeing unit.
Kolkata EOU	(i) Whole of movable properties (other than Stock) of the company situated at Gangarampur, EOU-I & EOU II Dyeing unit at Banglore on first charge. (ii) Land measuring 40,000 sq. feet together with building thereon and plant and machinery on first charge. (iii) Land measuring 2454.24 sq. yard along with factory building measuring 17920 sq.ft. situated at Rajajinagar on first charge. (iv) Personal guarantee of a director.

(b) Rupee Term Loan from a company has been secured as follows:

Purpose	Description of property
Working Capital Margin	Rupee term loan from a company is secured by 1st charge on office premises at KCI Plaza at 23C, Ashutosh Chowdhury Avenue, Kolkata - 700 019 and at 1/2C, Baburam Ghosh Road, Kolkata - 700 040

6 Disclosures regarding Derivative Instruments

The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The use of these foreign contracts reduces the risk or cost to the Company and the Company does not use the foreign exchange contracts for trading or speculation purposes.

Forward exchange contracts outstanding as at the year end:

Currency Pair	Currency	31.03.2011		31.03.2010	
		Buy	Sell	Buy	Sell
USD/INR	INR	—	\$2,000,000	—	—
EURO/USD	\$	\$442,140	€ 300,000	—	—

7 Exchange gain / (loss) amounting to ₹ 2,973,921/- (₹ NIL) in respect of Forward Exchange Contracts for unexpired period to be recognised in subsequent period in accordance with Accounting Standard 11.

SCHEDULE-"P" (Contd.)

- 8 Realisation on account of samples from foreign buyers have been credited to sample expenses account.
- 9 The company has not received information from vendors regarding the status under the Micro, Small & Medium Enterprises Development Act, 2006 and hence no disclosures thereof are needed in the accounts.
- 10 In respect of the equity shares of Erstwhile J.J. Spectrum Silks Ltd. held by the Company, the shares which has been issued by the transferee company in terms of scheme, 1,303,675 Equity Shares has been allotted to the Board of Trustees to have and to hold such shares in Trust exclusively for the benefit of the Transferee Company and deal with the same as they think deems fit.
- 11 Interest includes ₹ 31,273,828/- (₹ 27,279,071/-) on term loans.
- 12 In the opinion of Board of Directors, all the Current Assets, Loan and Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated and that all the known liabilities relating to the year have been provided for.
- 13 As the company's business activities fall mainly within a single primary business segment viz. Dealing in fabrics and accessories, so disclosure requirement of accounting standard 17 "Segment Reporting", notified in Companies (Accounting Standard) Rules, 2006 has not been given.
- 14 **Related Party Disclosure in accordance with Accounting Standard 18 notified in the Companies (Accounting Standard) Rules, 2006**

<u>Name of the related party</u>	<u>Relationship</u>
a) Key Managerial Personnel.	
i) Sri S.N.Jhunjunwala	Executive Director & Executive-Chairman
ii) Sri Rajiv Jhunjunwala	Executive Director & Vice-Chairman
iii) Mrs. Laxmi Jhunjunwala	Director
iv) Shri Arun Kr Shraff	Whole Time Director
b) Relative of key managerial personnel	
i) Mrs. Neha Jalan, Designing Consultant	Daughter of Mr. Rajiv Jhunjunwala, Vice-Chairman
ii) Mrs. Kavita Jhunjunwala	Wife of Mr. Rajiv Jhunjunwala, Vice-Chairman

Nature of Transaction:-	31.03.2011		31.03.2010	
	In Respect of (a) above	In Respect of (b) above	In Respect of (a) above	In Respect of (b) above
Remuneration paid	4,536,946	792,000*	4,433,220	540,000

Note: * Out of which ₹ 678,000/- paid to related party "b i)" for which approval is still awaited u/s 314 of Companies Act, 1956 from appropriate authority.

15 Earning per share :-

	<u>2010-11</u>	<u>2009-10</u>
i) Net profit after tax before Extra Ordinary Item	(48,232,273)	3,799,795
ii) Extra Ordinary Item	35,772,526	—
iii) Net profit after tax available for equity shareholders	(84,004,799)	3,799,795
iv) Weighted average Number of Equity Shares of ₹ 10/- each outstanding during the year.	9,262,250	9,262,250
v) Basic/diluted earning per share (Before Extra Ordinary Item)	(5.21)	0.41
vi) Basic/diluted earning per share (After Extra Ordinary Item)	(9.07)	0.41

SCHEDULE-"P" (Contd.)

16 As a matter of prudence no deferred tax assets has been recognised in the accounts.

17 Wholetime Director's Remuneration :

	31.03.2011	31.03.2010
	₹	₹
a) Salaries & Bonus	3,958,940	3,874,040
b) Contribution to P.F. and other Funds	466,788	456,600
c) Other Perquisites	111,218	102,580
Total	4,536,946	4,433,220

18 Balances lying with Central Excise Department included in Loans and Advances Schedule.

19 Land Measuring about 2.07 acres duly conveyed in the name of one of the unit of the company by the State Government. Company has been disputed by the original owner and the matter is subjudiced.

20 Profit and Loss on sale of Investment excludes ₹ 1,845/- (₹ 12,019/-) on account of security transaction tax paid on such transactions.

21 There is no amount due to be credited to Investor's Education and Protection Fund as on 31.03.2011

22 Minority Interest consists of the following

	2010-11	2009-10
	₹	₹
i) Share Capital	578,131	553,500
ii) Debit Balance of P & L A/c	46,410	(215,843)
iii) Profit during the year	21,749	262,253

23 Interest on term loan is net of ₹ 6,296,955/- (₹ 6,424,773/-) of TUFs subsidy.

24 Claims against certain Derivative transactions entered with the Banks during 2007-08 have not been acknowledged by the company. Claims of ₹ 14.03 crores (excluding interest) against these transactions which have been contested and not provided as the management has been advised that such contracts are not legal and the matter is subjudice. Further claims receivable of ₹ 35,772,526/- accounted for by the company against these transactions have been provided for during the year as a matter of prudence and debited as extraordinary item in the Profit & Loss Account.

25 Certain Long term Investments are strategic in nature and as per the management fall in value is temporary in nature, hence it has not been provided in these accounts.

26 Comparative figures for the previous year have been regrouped/recasted wherever necessary and the same have been indicated in brackets and not comparable as one Indian subsidiary company i.e. Tanushree Silks Limited has been struck off u/s 560 of the Companies Act, 1956 as its financial statement consolidated upto 22nd March, 2011.

27 Significant Accounting Policies adopted by the Company :

A) Basis of Preparation of Financial Statements:

The Financial Statements of the subsidiaries used in the consolidation are drawn upto the same reporting date as of the Parent Company i.e. for the year ended 31st March. In case of Foreign Subsidiary, they have got their accounts compiled by their Auditors for the year ended 31st March.

The Financial Statement have been prepared under the historical cost convention and on the accrual basis of accounting. The accounts of the Parent Company and other Indian subsidiaries have been prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India, and of the Foreign Subsidiary, have been prepared in accordance with the local laws and the applicable Accounting Standards/Generally accepted Accounting Principles.

B) Principle of Consolidation :

i) The Financial Statements of the Parent Company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances, intra-group transactions and the unrealised profits to the extent possible. No impact of intra-group transaction of Fixed Asset has been taken being not significant in nature.

SCHEDULE-"P" (Contd.)

- ii) The Financial Statements of the Parent Company and its subsidiaries have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances.
 - iii) The excess of the cost of the Parent Company of its investments in each of the subsidiary over its share of equity in the respective subsidiary, on the acquisition date, is recognised in the Financial Statements as Goodwill/Capital reserve and charged to revenue. However such excess or deficit arising after the acquisition date on account of currency fluctuation in respect of Foreign subsidiary is transferred to Currency Fluctuation reserves or Goodwill. Goodwill arising out of consolidation is written off during the year as a matter of prudence.
- C) Historical Cost Conventions and Revenue Recognition:
- i) Financial Statements are drawn using the historical cost convention and adopting accrual basis save and except claims, which are accounted for on settlement/receipt basis in view of uncertainty of realisations.
 - ii) Export Sales have been booked on FOB basis on the date of shipment.
 - iii) Sale of import/export entitlements received by way of SIL/QUOTA Licenses has been booked as on the date of sale thereof. However, Duty Draw Back and DEPB entitlements are accounted for on accrual basis on eligible amount of exports made and entitlement of target plus scheme has been accounted on utilisation basis as per the scheme. Focus Product Credit is booked as on the basis of license received.
- D) Fixed Assets and capital expenditure:
- a) Fixed Assets are stated at cost which includes installation & other expenditures. Such expenditure comprises purchases price, import duties, levies and any directly attributable cost of bringing the assets to their working conditions and effects of Foreign Currency Fluctuations is being given on loans taken for acquiring the same.
Direct Expenses as well as clearly identifiable indirect expenses incurred during construction period have been capitalised directly with respective assets, Financing cost and other allocable expenses during the construction period of project have been capitalised proportionately.
- E) Depreciation:
- Depreciation for the year has been provided on written down value method at the rate prescribed in Schedule XIV of the Companies Act, 1956 save and except, in case assets of Unit - J.J. Spectrum Silk and Spin International INC, a subsidiary company which have been depreciated on S.L.M. basis at the rate prescribed as per applicable laws. Lease hold assets are amortised over the period of lease, wherever applicable. Increase and decrease in the value of assets arising out of exchange fluctuation is charged over the remaining useful life of the assets.
- F) Valuation of Inventory:
- i) Stock of finished / semi finished goods has been valued at weighted average cost representing costs which has been incurred in bringing the inventory to their present conditions or net realisable value whichever is lower except for damaged and rejected goods which has been valued at estimated realisable value as per continuous practice followed by the Company.
 - ii) Raw Materials & Stores has been valued at weighted average cost or net realisable value whichever is lower.
 - iii) The inventory resulting from Intra Group transaction have been stated at estimated cost after deducting estimated unrealised Profit on such transactions.
- G) Investment:
- Long term Investments are stated at cost. Provisions of diminution in value is being made other than temporary in nature. Short terms investment are valued at cost or Market value whichever is lower.
- H) Foreign Currency Transactions:
- i) For the purpose of consolidation, the amounts appearing in foreign currencies in the Financial Statements of the Foreign subsidiary is translated at the following rate of exchange :-
 - a) Average rate for the Income and expenditure except depreciation which is at the year end rate.
 - b) The year end rate for Assets and Liabilities.
 - ii) All foreign currency income and expenses are generally recorded at the exchange rate prevailing on the date of transactions/negotiation with the Company's banker save & except where forward contract has been booked which is being recorded at relevant rate. Premium on forward contract are being accounted for during life of the contract.
 - iii) Current Assets and Liabilities in Foreign Currencies have been re-stated at exchange rates prevailing at the year end except in case where forward contract has been booked by the company against these assets / liabilities wherein the same has been converted at contracted rates

SCHEDULE-"P" (Contd.)

- iv) Foreign Currency retained out of export proceeds in Exchange Earners Foreign Currency Account with banker has been converted at bank advice rate applied for the relevant export bills except in case of collection bills wherein the same has been converted at spot rate prevailing on the date of realisation of the bills.
 - v) Commission to foreign agents is converted at exchange rates prevailing at the time of accounting such liability in company's books.
 - vi) The company has approved policy of hedging .Accordingly derivatives contracts are entered into hedge highly probable sales transactions or firm commitments. As per accounting policies adopted by the company the gain or loss on settlement of the hedge contract is adjusted in sale / purchase as the case may be in the period in which transaction is accounted for.
- I) Employees Benefit**
- i) Short-term employee benefits including Leave Encashment are recognised as an expense at the undiscounted amount in the Profit and Loss account of the year in which the related service is rendered.
 - ii) Post Employment benefits and other long term employee benefits.
 Defined Contribution Plans :
 Company's contribution to Provident Fund and Employee State Insurance Fund are determined under the relevant Schemes and/or statute and charged to profit & loss account.
 Defined Benefit Plans :
 Company's liability towards Gratuity is actuarily determined at each Balance Sheet date using the Projected Unit Credit Method. Actuarial gains and losses are recognised in profit & loss account. The contribution towards Gratuity is funded with LIC.
- J) Taxation :**
 Income Tax expense comprises current tax and deferred tax charge or credit. Deferred tax asset or liability is recognised using substantively enacted tax rates. Deferred Tax Assets / Liabilities are reviewed at each Balance Sheet date based on development during the year and to reassess realisation / liabilities.
- K) Impairment of Assets:**
 Impairment of assets are assessed at Balance Sheet date and if any indicator of impairment exist, the same is assessed and provided for.
- L) Provisions, Contingent Liabilities & Contingent Assets :**
 Provisions are recognised in respect of present obligations arising out of past events where there are reliable estimate of the probable outflow of resources. Contingent liabilities are the possible obligation of the past events, the existence of which will be confirmed only by the occurrence or non-occurrence of a future event. These are not provided for and are disclosed by way of Notes to the Accounts. Contingent Assets are not provided for or disclosed.
- M) Government Grants :**
 State Capital Investment Subsidy has been credited to Capital Reserve A/c. on receipt basis, in accordance with Accounting Standard 12.
- N) Borrowing Costs :**
 Borrowing Costs that are directly attributable to the acquisition, construction or production of a qualifying assets are capitalised as part of cost until the asset is ready for its intended use. A qualifying asset is an asset that necessarily require a substantial period of time to get ready for its intended use. After that the borrowing costs are recognised as an expense in the period in which they incurred.

For and on behalf of the Board

S. N. Jhunjhunwala
Executive Chairman

Rajiv Jhunjhunwala
Vice Chairman

For **SALARPURIA JAJODIA & CO.**

ICAI Reg: No. 302111E
Chartered Accountants

Anand Prakash
 Partner
 (Membership No.56485)
 Kolkata
 Dated:14th June, 2011

Arvind Thakur
Chief Financial Officer

S. L. Agrawal
Co. Secretary

Laxmi Jhunjhunwala
P. K. Singhi
P. K. Sarkar
M. L. Gulrajani
Arun Kr. Shraff
P. J. Sheth

Directors

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	(₹ in lacs)	
	31.03.11	31.03.10
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Extraordinary Items	(452.19)	60.33
Adjustments for :		
Depreciation	574.00	349.06
(Profit)/Loss on sale of Investments	0.06	14.49
Interest/Dividend received	(20.11)	(15.79)
Interest paid	398.84	221.73
(Profit)/Loss on sale of Fixed Assets	(417.02)	(84.89)
Provision for fall in the value of Current Investments	(1.21)	(60.47)
Operating profit before Working Capital changes	82.37	484.46
Adjustments for :		
Trade & other receivables	230.71	50.93
Inventories	(301.49)	164.48
Trade Payables	123.29	(108.40)
Cash generated from operations	134.88	591.47
Direct taxes paid (Net)	(16.46)	(4.40)
Cash Flow before Extraordinary items	118.42	587.07
Extraordinary items (Refer Note no. 24 of Schedule "P")	(357.73)	—
NET CASH FROM OPERATING ACTIVITIES	A	587.07
	(239.31)	587.07
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(145.58)	(1,304.98)
(Including Capital work in progress and advance against purchase of fixed assets)		
Sale of Fixed Assets	458.52	125.06
Loans Given(-)/Refund received(+)	—	(8.10)
Purchase of Investments (Including share application money)	—	(28.51)
Effect of exchange rate changes on Investment in foreign Subsidiaries	1.62	—
Sale of Investments	14.70	101.07
Capital Subsidy	—	79.34
Interest/Dividend Received	20.11	15.79
NET CASH FLOW FROM INVESTING ACTIVITIES	B	(1,020.33)
	349.37	(1,020.33)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

		(₹ in lacs)	
		31.03.11	31.03.10
C.	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds from Bank Borrowings	352.68	465.30
	Interest paid	(398.84)	(221.73)
	Dividend Paid	(1.50)	(0.05)
	Corporate Tax on Dividend Paid	—	—
	NET CASH FLOW FROM FINANCING ACTIVITIES	(47.66)	243.52
	NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS	(A+B+C) 62.40	(189.74)
	OPENING CASH & CASH EQUIVALENT	369.66	559.40
	CLOSING CASH & CASH EQUIVALENTS	432.06	369.66
	BALANCE INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS	62.40	(189.74)
	CASH & CASH EQUIVALENTS		
	Cash in Hand	44.99	96.71
	Balance with Scheduled Banks		
	In Current Account	29.82	106.76
	In Fixed Deposit Account	323.60	144.01
	In Unpaid Dividend Account	6.93	8.48
	In Foreign Current Account	26.72	13.70
		432.06	369.66

Notes: i) Previous year's figures have been regrouped / recasted wherever necessary
 ii) The above cash flow has been prepared under "Indirect method" as prescribed under Accounting Standard 3 notified in Companies (Accounting Standards) Rules, 2006.

For and on behalf of the Board

S. N. Jhunjunwala
Executive Chairman

Rajiv Jhunjunwala
Vice Chairman

For **SALARPURIA JAJODIA & CO.**

ICAI Reg: No. 302111E
Chartered Accountants

Anand Prakash
 Partner
 (Membership No.56485)
 Kolkata
 Dated:14th June, 2011

Arvind Thakur
Chief Financial Officer

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Co. Secretary

Laxmi Jhunjunwala
P. K. Singhi
P. K. Sarkar
M. L. Gulrajani
Arun Kr. Shraff
P. J. Sheth

Directors

GREEN INITIATIVE

As a responsible corporate citizen, your Company welcomes and supports the 'Green Initiative' taken by the Ministry of Corporate Affairs, Government of India (MCA), vide its Circular Nos. 17/2011 dated April 21, 2011 and Circular Nos. 18/2011 dated April 29, 2011. The above initiative will go a long way in conserving paper which is a natural resource as also result in substantial savings on printing and posting of annual reports and other documents of your Company. In terms of the enabling provisions of these Circulars, the Company will henceforth effect electronic delivery of documents including the annual report, other notices of meetings/postal ballot, etc. to the members at the email address registered for the said purpose.

For supporting this initiative, if you hold shares in :-

- a) **electronic form**, please intimate your email address to your Depository Participant (DP), if not already intimated. The same including the email address already available with your D.P. will be deemed to be your registered email address for serving notices/documents including those covered under Section 219 of the Companies Act, 1956.
- b) **physical form**, please send a duly signed letter quoting the name of first/sole holder and folios to the company's Registrar :-

M/s. MCS Limited
77/2A, Hazra Road,
Kolkata - 700 029
Phone : (033) 2454 1892-1893

Kindly note that if you do not register your email address, a physical copy of the annual report and other communication/documents will be sent to you free of cost, as per current practice. Such documents will also be displayed on the company's website www.jjexporters.com.

We strongly urge you to support this 'Green Initiative' by opting for electronic mode of communication and making the world a cleaner, greener and healthier place to live. In case your shares are in physical form, we also urge you to have your shares dematerialized by approaching Depositor Participant (DP) of your choice.



J. J. Exporters Ltd.

**ATTENDANCE
SLIP**

Registered Office :

23C, Ashutosh Chowdhury Avenue, Kolkata - 700 019

38th Annual General Meeting – Thursday, 28th July, 2011
at 4.00 P.M. at Kalakunj Hall, 48, Shakespeare Sarani, Kolkata - 700 017

DP Id. *

Client Id. *

Reg. Folio No.

NAME & ADDRESS OF THE REGISTERED SHAREHOLDERS

* Applicable if shares are held in electronic form.

I Certify that I am a registered shareholders/proxy for the registered shareholder of the Company.

I hereby record my presence at the 38th Annual General Meeting of the Company at Kalakunj Hall, 48, Shakespeare Sarani, Kolkata - 700 017 on Thursday, 28th July, 2011.

Member's / Proxy's Signature

Note : Please fill this attendance slip and hand over at the ENTRANCE OF THE HALL

(T E A R H E R E)



J. J. Exporters Ltd.

FORM OF PROXY

Registered Office :

23C, Ashutosh Chowdhury Avenue, Kolkata - 700 019

I/We

ofbeing a member/members

of J. J. Exporters Limited hereby appoint offailing

him/her of

as my/our proxy to attend and vote for me/us on my/our behalf at the 38th Annual General Meeting of the Company to be held on Thursday, 28th July, 2011 at 4:00 P.M. and at any adjournment thereon.

Signed this day of2011.

DP Id. *

Client Id. *

Reg. Folio No.

Signature.....

Affix a
₹ 1/-
Revenue
Stamp

* Applicable if shares are held in electronic form.

Note : This form, in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.



J J Exporters Ltd.

23C, Ashutosh Chowdhury Avenue

KCI Plaza, 2nd Floor, Kolkata - 700 019, India

Phone : +91 33 2461 4775, Fax : +91 33 2461 4780

Email : jjemail@vsnl.com, Website : www.jjexporters.com